

Submission of Internship Report



Internship Organization

Submitted to

Mohammad Tamzidul Islam

Faculty Advisor

BRAC Business School

BRAC University



Mohakhali, Dhaka-1216

3rd June, 2015

BRAC University



Internship Report on *Aarong*

Submitted to:

Mohammad Tamzidul Islam
Faculty Advisor
BRAC University

Submitted by:

Mobasshera Jahan ID# 11204090
BRAC Business School
BRAC University

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Letter of Transmittal

Date: 3rd June, 2015

Mohammad Tamzidul Islam

Faculty Advisor

BRAC Business School

BRAC University

Subject: Submission of Draft Term Paper

Dear Sir,

With due respect, I would like to state that I am **Mobasshera Jahan**, a regular student of BBA , Batch 11th, of this esteemed institution. My academic ID number is **ID# 11204090**. This term paper will contain a comprehensive study on the practices of **Aaorng** in their *Strategic Business Analysis of Aarong*.

Therefore I pray and hope that you will be kind enough to grant my term paper and oblige thereby. Your feedback will be highly appreciated.

Thankfully yours,

Mobasshera Jahan ID# 11204090

BRAC Business School

BRAC University

Acknowledgement

First of all, I would like to thank the Almighty Allah, the merciful. Without his blessings, this internship report wouldn't be finish in time.

This internship report wouldn't be completed without help from some important person. First of all I would like to thank my honorable **Mohammad Tamzidul Islam**, Faculty Advisor, BRAC Business School, BRAC University. Without his kind help, I wouldn't be able to complete this internship report on *Strategic Business Analysis of Aarong*.

I would also like to thank you Mr. Mohammad Abdur Rouf, Chief Operating Officer, Aarong, who helped me by recruiting me for internship. I would like to thank Mr. Mohammad Saidur Rahman, Executive, CRM who helped me by providing information on Aarong and helped me throughout my internship period. Without these helpful people, this internship report wouldn't be completed.

At last I would like to thank and show my sincere gratitude to all the persons who were involved with this internship report making process. Thank to them once again.

Executive Summary

This report analyses the marketing strategies of the Aarong. Aarong is one of the most renowned fashion enterprises in our country. This report has covered almost all the strategies of Aarong for marketing its product. It also includes a brief profile of the enterprise. To know the strategy of the enterprise it also includes the product categories and the distribution channel of the enterprise. The objective of this report is to identify and analyze marketing strategies of Aarong. I have used both the Primary sources of data and Secondary sources of data. The data has been collected through oral conversation. The limitations to get the proper information were Time barriers, Intension to not disclose the information, Rules and regulation etc. The vision of the company is to remain as the benchmark in the fashion industry. Being an innovative and creative enterprise, consistently delivering world-class products ensuring best consumer satisfaction through continuous value added services provided by highly professional and committed team. The main product sources of Aarong is-AAF (Ayesha Abed Foundation) and The Independent producers. Aarong produces more than 100 product line. All these products are highly fashionable. Their products are basically two types-Textile and Non-Textile. Now Aarong going to expand its market all over the world through e-commerce. It's clearly indicated that Aarong is in the leading position among all other competitors in the fashion industry. At present the company holds 65% market share where as the rest of 35% market share holds by the other multi-national and local companies. The major's participants of the fashion industry are- Grameen, Kkrafts, Anjans, Rong, Banglar Mela, Anna mela etc. Being an Intern I worked at Aarong center. I really enjoyed the job during my internship program. Marketing strategies of Aarong is built on STP – Segmentation, Targeting and Positioning. Aarong discovers different needs and groups in the market place, target those needs and groups that it can satisfy in the superior way and then position its offerings, so that the target market recognize the enterprises distinctive offerings and image. Aarong is constantly working to improve its products quality through comparative study and customer feedback in order to maintain competitive edge. However, finally in this report there are some suggestions and recommendations for making better strategy and removing lacking.

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Strategic Business Analysis of Aarong

1.0 INTRODUCTION

The most successful social enterprise model in the country

The word Aarong means ‘village fair’ and the Aarong brand is meant to invoke a deeper connection to its rural roots. Born out of a humble resolve to empower the marginalized rural women and enable them to realize their full potential, Aarong is one of the 18 social enterprises of BRAC - the world’s largest development organization. It has been working towards BRAC’s mission of poverty alleviation through economic development and human capacity building, with a specific focus on the empowerment of women.



Aarong was initiated in 1978 as a project to ensure poor silk farmers, block printers and embroiders in Manikganj in central Bangladesh were paid upon delivery of their products. The purpose was to provide a platform for rural artisans where they could sell their products and get a fair market price. Starting its journey with providing employment for a limited number of rural women, Aarong rapidly extended its support by working with many other artisan and crafts.

1.1 ORIGIN OF THE REPORT:

The internship report is a basic requirement for the BBA program. The proposed topic is “*Strategic Business Analysis of Aarong*”. The topic is assigned by Mr. Mohammad Saidur Rahman, Executive, CRM and supervised by **Mohammad Tamzidul Islam**, Faculty Advisor, BRAC Business School, BRAC University & Internship Supervisor, BRAC Business School, BRAC University.

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1.2 OBJECTIVES OF THE REPORT:

The main objective of this report is to find the practices of business strategies which Aarong would follow to satisfy their customers. I will try to find out what are the approaches are taken by Aarong to establish the strategies as an enterprise. Another objective is to know how Aarong operates its marketing work through the CRM (customer relationship management).

The objectives of the study are as follows:

Broad Objective:

- To have an overview on performance of Aarong as enterprise and as one of the best retail industry in Bangladesh.

Specific Objectives

- To evaluate the business strategies that Aarong follows to establish its mission, vision, objectives and values. Another objective is to know the customer satisfaction indicators and its result.

1.3 Rationale

The study is to diagnosis the key success factor of Aarong being a social enterprise having competition with commercial local and international lifestyle retail brands. This study will also help to learn about managing the country's biggest backward linkage for handicraft product production through rural artisans and under privileged producers group. The study will indicate the prospects and challenges of handicraft-based retail sector to promote arts and crafts products. Also it is to diagnosis the technical, financial, operational, creative and organizational competitiveness to produce large number of production, including the identification and targeting of potential markets. Also it will help to learn how the competitiveness being defined here as entrepreneurship, productivity, innovation and investment that produce tangible benefits such as job, good wages, livelihoods, high living standard in both urban and rural areas through organized retailing.

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1.4 Scope

Analytics and findings on growth, opportunities, challenges and operational competencies of Aarong being lifestyle retail chain from business and social point of view. Prospect of Aarong along with this retail sector has significant impact on artisans' livelihood and also impact on enhancing lifestyle of urban middle, upper middle and higher income customers. . The report will cover the following broad areas:

- a) Current scenario of handicraft based retail industry of Bangladesh
- b) Know the mission, vision, objectives and values of Aarong
- c) Evaluate the business model of Aarong
- d) Identify the competitive business strategies of Aarong.
- e) Analyze the balance scorecard of Aarong.
- f) Identify the key success factor of Aarong as a social enterprise.
- g) Identify the strategic group and market position of Aarong compare to the strategic group.
- h) Macro environment analysis (PESTEL)
- i) Micro environment analysis (SWOT, Porter's Five Forces model)
- j) Know about value chain of Aarong
- k) Know the customer satisfaction indicators and its result.

1.5 Methodology and Approach

The study is descriptive in nature. Data and information require for this study which will be collected from both primary and secondary sources. Primary source includes structured questionnaire and data to be collected from different areas of Aarong. Secondary data will be collected from the organization directly or through websites, reports, historical and financial reports from organization's documentation library, electronic database and journals by desk review. A total number of 50 customers, 10 Management/Non-Management staff as respondents randomly will be selected within the organization. A total number of 30 producers from different product categories will be respondents as well. A structured questionnaire will be developed by at least 20 questions. This questionnaire will have two sections: the first part intended to acquire the demographic profile of the respondents, and the

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other section comprised of a set of attitude statements that intends to determine the level of agreement or disagreement using a five-point Likert scale. In the Likert technique, the degree of agreement or disagreement) will be given a numerical value ranging from one to five, thus a total numerical value can be calculated from all the responses . The frequency distribution analysis, and the comparison of mean, median and mode will be used in the research as well.

1.6 Data collection techniques

1. **Questionnaire:** A structured questionnaire was asked to the different people of different areas where the Aarong's super store is situated.
2. **Observation:** I was visited Aarong's gulshan Branch and observed their products prices and their shop's environment.
3. **Secondary information:** secondary information has collected by reviewing websites, Journals and some other relevant documents.

1.7 Sources of Data Collection

1. **Primary Source:** The primary information is gathered through informal interviews of the employees working over there under management level, their salesman who are directly involved with selling product and also observation while visiting the office premises.
2. **Secondary Source:** Secondary sources had also used to collect information. Secondary sources include:
 - Features and articles published in newspapers and other journals.
 - Visiting Aarong outlets and Aarong website.

1.8 Limitation of the Study

In every research work there exist some limitations that the researcher faces while conducting different activities. In the process of research work, we also come across certain limitations that hampered the actual findings and analysis of our research work. Some of limitations can be identified are

- Employees of Aarong are usually busy with their daily work and activities, so it is quite impossible sometime to get time from them for getting information about our report.

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- Sometimes the authority does not provide their internal information which is very difficult to collect from any other sources.
- This is quite difficult to collect all the data of supply chain management of Aarong by using Management Information System.

1.9 Description / Nature of the job:

I am **Mobasshera Jahan** and I did my internship in Aarong centre with Marketing Department. Basically I was involved with Customer relationship management (CRM) department because they basically support to Marketing department by dealing with customer and outlet people. Marketing department basically provides all types of product information to training department and when the trainer training to a Sales Associate they give speech according to the marketing department. Sometimes I was present to head office of Aarong which is in Aarong centre, tejgaon I/A and had to communicate with the outlet over phone and email.

1.10 Responsibilities of the job:

As because I was In Marketing department so that, I had some responsibilities, these are given below:

Aarong has strong marketing team who are engaged with lot of work and activities under the direction of head of marketing of Aarong. From the inception of Aarong they are engaged with very thoughtful marketing and advertising to attract customers. Their dedicated marketing team always tries to exhibit Aarong as the best brand in Bangladesh. The marketing team always prepared all kind of marketing materials like leaflet, brochure, annual report and other kind of communication materials for Aarong outlets and for external use. The main responsibility of Aarong marketing team is organizing photo shoot for product as well for model. This is very important for Aarong and through this Aarong can communicate with the customer. The photo shoot itself has a process in Aarong and it involves high level engagement to get the right work. All kind of communication channel like billboard, website, social media, electronic marketing are managed by the marketing department of Aarong. The marketing department also has to liaise with other fashion house and maintain a warm relationship with everybody. Aarong marketing team has carry out different consumer and product survey in different places and makes report on that. According to the market survey



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of marketing team of Aarong the retail department change their product or service or introduce new product into the market. Actually to get the market trend and idea Aarong depends on the activity of marketing team. All kind of marketing materials are also archived in marketing department and they further use it if necessary. Publicity and advertising two important matters are totally controlled by the marketing department and by this marketing department became the heart of the Aarong. We think about Aarong we always believe that they are the truly local brand of Bangladesh and they maintain the superior product quality and have very rich in collection and designs. It is the marketing department who are actually behind the scene to achieve this big achievement. Manage customer relationship is one of the biggest thing for Aarong marketing and they have to also retain this customer and convert it to sales as after the day sales is the biggest thing and which can show the sign of doing good or bad. During my internship period in Aarong marketing department I was actually assigned to work with every perspective like make a continuous communication with the outlet supervisor about the customer problem issues with immediate solving, market survey to photo shoot and to make reports for them. As an intern I got in depth idea about the whole marketing process of Aarong marketing department. I did serve the entire place above mentioned as required and ordered by my supervisor at Aarong. During my internship period I got to learn that how Aarong can generate revenue from online marketing and become the market leader in this sector. I am totally happy that I got to learn lot of things during my period at Aarong.

1.11 Observations and recommendations:

Last of all I want to say that, I feel very proud that to did internship program in Aarong centre. As my own personal view the Aarong marketing team is very much active, dedicated toward work, very innovative with marketing staff. The marketing team always tries to adopt a new strategy so that they established that, they are unique compare the other local brands strategy



Strategic Business Analysis of Aarong

2.0 OVERVIEW of Aarong

Aarong is an enterprise of BRAC (Building Resources across Community) and it's a CSR based handicraft company established in 1978. Aarong means "village fair" Today, Aarong reach has spread beyond Manikganj to the rest of the country. At present Aarong is operating through 9 domestic outlets and one franchised outlet in London wear handloom terracotta retail chains Bangladeshi patterns paid for. Aarong has **more than 488 products in their outlets. They have grown into a thriving international enterprise** showcasing ethnic to beautiful crafts from silks, cotton, Endi to, bamboo, jute and much more. From a single shop, Aarong has grown into one of Bangladesh's biggest , with Twelve outlets spread across the major metropolitan areas of the country - in Dhaka, Chittagong, Khulna, Sylhet and Comilla, Narayanganj and one in London, UK. Aarong embraces and nurtures a diverse representation of 65,000 artisans, 85% of whom are women. Aarong also plays the role of protector and promoter of traditional products and designs. It houses an extensive design library where remnants of our rich craft heritage, such as Nakshikatha art and Jamdani , have been widely researched and archived for present as well as future use. Aarong was born out of a need to ensure that the penniless silk farmers of Manikganj were their goods upon delivery, so that they could feed their families. The women Aarong employs are among the countries most disadvantaged. Through Aarong they have been offered a way out of destitution and degradation where before they had none.

2.1 History

"To provide a stable and gainful source of employment for the under privileged rural artisans, lift up the traditional identity and the commitment of quality service" On the basis of these principal Aarong started its journey in Bangladesh. Aarong began as a cause – a means to an end for a quiet organization fighting to uphold the dignity of the marginalized. In 1976, when BRAC- a Bangladeshi NGO dedicated to alleviating poverty and empowering the poor, first began encouraging sericulture for women in Manikganj, their only buyers were a few scattered retailers in Dhaka. Weeks, even months would pass between supply and payment, until BRAC intervened. Aarong was born out of a need to ensure that the penniless silk farmers of Manikganj were paid for their goods upon delivery, so that they could feed their families. Today, Aarong's reach has spread beyond Manikganj to the rest of the country. It has grown into a thriving international enterprise showcasing ethnic wear to beautiful crafts

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from silks, handloom cotton, Endi to terracotta, bamboo, jute and much more. From a single shop, Aarong has grown into one of Bangladesh's biggest retail chains, with eight stores spread across the major metropolitan areas of the country - in Dhaka, Chittagong, Khulna, Narayangonj, Comilla and Sylhet and one in London, UK. Throughout Bangladesh and in international destinations, the name Aarong is synonymous with quality, originality and uniqueness. The women Aarong employees are among the countries most disadvantaged. Through Aarong they have been offered a way out of destitution and degradation where before they had none. And the benefits that they receive extend well beyond simply the wages they earn for their products, since every single woman who works in Aarong-owned production facilities is also a beneficiary of BRAC's multifaceted development programs. As a support entity of BRAC, a significant portion of Aarong earnings go directly into financing the NGO's development programs in healthcare, education as well as economic and social development. Aarong symbolizes fairness in the global village. The organization has identified three basic constraints for gainful employment of the low income and marginalized people in the rural areas: lack of working capital, marketing support and opportunity for skills development. In order to bridge these gaps, Aarong provides a wide range of services to its workers and suppliers:

- Spot payment on product delivery to encourage efficiency and productivity
- Reach out to producers in remote areas to ensure fair value for their efforts
- Marketing communication and information for artisans
- Advances against purchase orders where necessary
- Training & Education in skills development to raise product quality and marketability
- Product Design and Support in Product Development
- Quality Control to increase producer awareness of the importance of quality

These values reflect fair trade principles which have been developed by registered Fair Trade Organizations. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers in Bangladesh

Strategic Business Analysis of Aarong

2.2 Naming:

The name of the organization “Aarong” is a Bengali word. It means Village Fair. The village fair provides craftsman of all trades a marketplace to display and sell their traditional handicrafts. The naming of Aarong as such upholds the organizations commitment to promote the indigenous goods of our country, which are a part of our rich culture and artistic heritage. “AARONG” means: A: Active: we will execute our plans in an active manner. A: Appealing: we will make ourselves and our workplace appealing. R: Reliable: we will carry out our duties in a reliable manner. O: Outstanding: w will perform in an outstanding manner. N: Novel: we will always look for novel creative ways of improving everything we do G: Genuine: we will be genuine in our thoughts and actions.



Strategic Business Analysis of Aarong



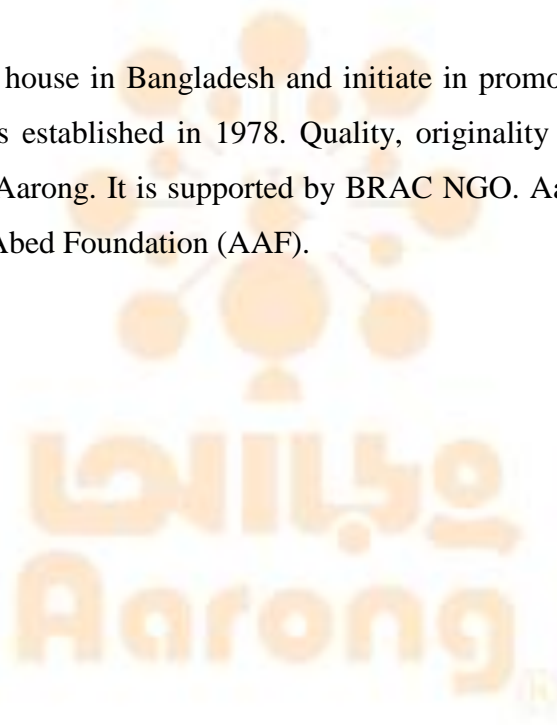
Diagram: Aarong over the years

Strategic Business Analysis of Aarong

2.3 Today's Aarong

Today, Aarong serves through 13 retail stores across the country and employs more than 65,000 rural Bangladeshi artisans, of which 85 per cent are women. Aarong believes in setting high standards for the quality and craftsmanship of its products and designs. It sets the trend of blending the traditional with the contemporary, which revitalized consumers' interest in Bangladeshi products and designs. At Aarong, we aspire to bring all that we love about Bangladesh to customers around the world. In 2006, and again in 2012, a number of Aarong products received the UNESCO Award of Excellence for Handicrafts. As a fair trade organization, Aarong's products are exported to fair trade companies across Asia, Europe and North America.

Aarong is the top trend house in Bangladesh and initiate in promoting the trend industry of Bangladesh. Aarong has established in 1978. Quality, originality and uniqueness are three basic characteristics of Aarong. It is supported by BRAC NGO. Aarong is conducting all its operation with Ayesha Abed Foundation (AAF).



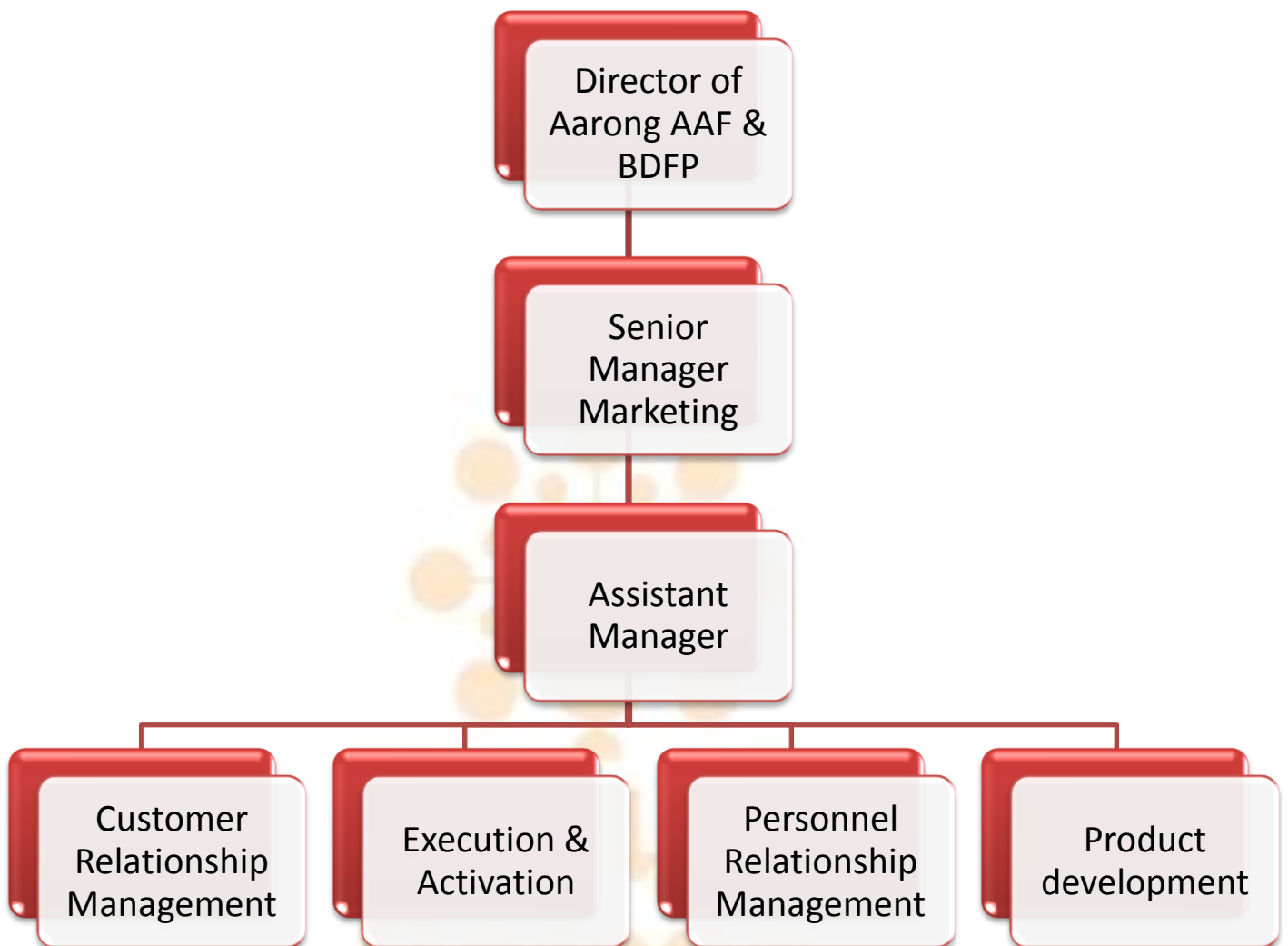
Strategic Business Analysis of Aarong

2.4 ORGANIZATIONAL STRUCTURE:



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2.5 ORGANOGRAM OF MARKETING DEPARTMENT:



Strategic Business Analysis of Arong

3.0 OVERVIEW OF HANDICRAFT

Handicrafts are mostly defined as ‘items made by hand’, often with the use of simple tools, and are generally artistic and for traditional in nature. They are also object of utility and object of decoration. Some common types of handicrafts are Textile based handicrafts, Clay, Metal, Jewelers, Woodwork, Stone Craft, Glass and Ceramic.

3.1 Handicraft industry of Bangladesh

Handicraft sector in Bangladesh is comprises with small manufacturing units and mostly located in rural areas, operated either by the owner themselves or with the assistance of a small work force of 10-20 people. Most enterprises use traditional techniques with or without the use of tools or simple instruments. Total number of workforce associated with the industry stands approximately over 3 million of which over three quarters are employed in textile, jute goods, wood, leather, cane and bamboo.. Key players in the sector involved in domestic supplies as well as exporters are:

- Non-Government Organization (NGO) exporters of Handicrafts. (e.g. Arong)
- NGO supportive product house (Non exporters)
- Private manufacturers /exporters. (e.g. Various jute good manufacturers)
- Small private manufacturers (Non exporters, e.g. Naksha, Rang, Nabarupa etc.)

3.2 Handicraft Products of Bangladesh

There are a great variety of Handicrafts products produced in our country. These are:

1. Antiques & Collect
2. Bamboo & Wooden Crafts
3. Crafts Gifts



Strategic Business Analysis of Aarong

3.3 Characteristics of handicraft-based Retail Industry

- **Retail Industry: Small to huge store**

The spectrum of Retail Industry is quite wide in nature. Retail serves consumers through a small grocery store to a huge departmental store. Retail Industry is heavily dependent on consumer spending. During economic slow-down consumer spending decreases and it poses threat to the Retail industry. Consumers' confidence is one of the key drivers of the industry.

- **Decline in Small Stores**

It is observed that small independently owned stores are gradually losing their foothold in the market place. These stores are generally called “Mom and Pop” stores and they offer limited merchandise to the consumer. These store are facing stiff competition from the large fashion house or superstores and in this process they are closing down their shutters. In many locations the arrival of a superstore has forced nearby independents out of business. It is also true that many small independent outlets still thrive by knowing their customers better and providing them with more personalized service.

- **Internet and E-Commerce**

Internet, the ubiquitous medium has opened a new avenue in front of the Retailers. It has offered an opportunity to the consumers to shop from the home. As it stands today overall Retail sales through internet may not be that significant but gradually it is gaining popularity amongst consumers.

- **Repositioning of fashion houses**

The appeal of big fashion house is in the wane and they are trying to reposition themselves. They are repositioning their product lines to survive in this highly competitive market. For example, a departmental stores which is supplying general merchandise to the consumer is changing themselves to a giant apparel store.

- **Rise in Discount stores**

Discount stores offer money back guarantee, everyday low price etc. to lure customers. They also provide floor help and easy access to the merchandise to

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facilitate the consumer. Aarong comes under this category of Retail house. They give seasonal discounts in their retail house or in other organization of BRAC.

- **Category Killers**

There are Retailers who actually concentrate on one particular product category and grab a lion's share of that market and outperform their competitors. They are called Category Killers. The handicraft based retail houses in Bangladesh follow these features. Like Rang concentrates on colors of their product, Shada-Kalo symbolizes the black and white combination of their product and Aarong categorize their product according to tradition and culture of the country. These are the examples of such Retailers who have grabbed a major market share in that product category and they have forced a reduction in the number of players in that product segment. This is also a distinct trend observed in the current Retail market.

- **Demographic Changes**

Retail industry is impacted by the demographic changes. As a result of this change taste of the consumer is undergoing a change and it creates a demand for certain products. Worldwide Retailers are keeping a close watch on this change and they are trying to realign themselves with this change.

- **Mergers and Acquisitions**

Retailers who want to dominate the market place have adopted the strategy of mergers and acquisitions. This is also one of the distinct trends in Global Retail Industry today. Instead of achieving an organic growth Retailers can grow significantly with the help of mergers and acquisitions. This helps them to occupy more shelf space in the market place. As the volume increases they are establishing better control over their suppliers and they are reducing the procurement cost and in that way they are boosting their profitability.

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3.4 Industry life cycle of Bangladesh’s Handicraft industry

After 1970, Bangladesh’s handicraft product was introduced in the market. And in 80s the product got market acceptance, and this became its growth period. In the 90s, the handicraft products of Bangladesh experienced a slow growth, and it is the maturity period of the product. After 2000, the sales of product decreased because of its old design and poor quality. Moreover, new competitors came with newly-designed, innovative and quality product. As a result, Bangladesh’s handicraft product faced a period of decline. But after 2010, it is retained its position and turn back to the maturity stage.

1970-1976 1977-1985 1985-2000 After 2000

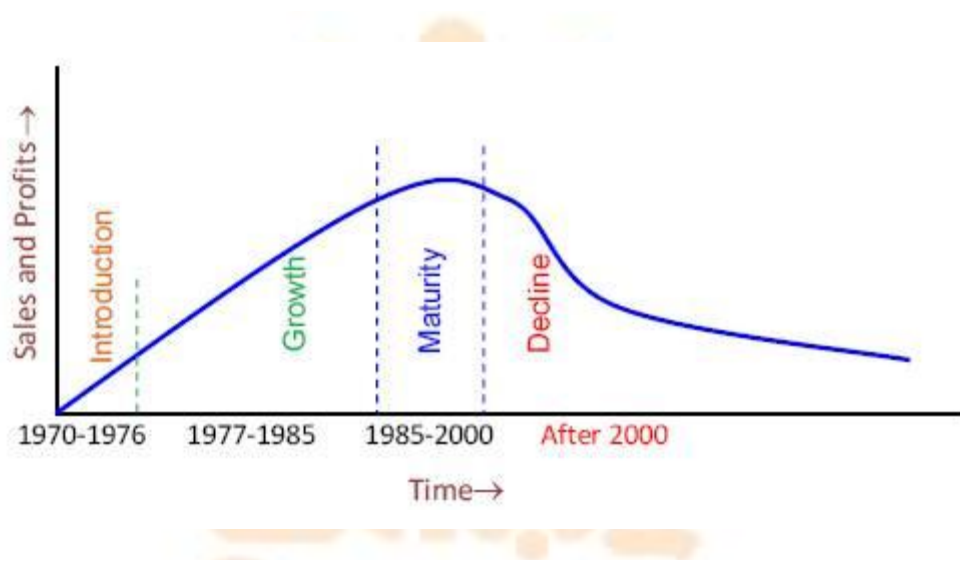


Figure1: Bangladesh’s Handicraft product life cycle

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3.5 Current profile of some leading Handicraft manufacturers

There are more than 1000 large scale Handicraft producers in Bangladesh, where only 300 are enlisted with Bangla-craft (the association of handicraft manufacturers and exporters). A large no of handicraft producer sells their good in local market and a few numbers are involved in export.

Organization	Naksha	Prabarhana	Aarong	Prokriti
Type	Private	NGO's	NGO's	NGO's
Start from	1993	1986	1978	2001
Man power	500	5000	65000	2000
Product house	2	-	653	20
Main product	all types of handicraft & textile	all types of handicraft & textile	all types of handicraft & textile	all types of handicraft & textile (specially produce homemade paper)
Market	Local	99% local	96% Local	99% export
Turn Over	7-8 Mn. Taka	100 Mn. taka	-	700 Mn. taka

3.6 Industry life cycle of Aarong

A pioneer in the country's craft industry, Aarong's unique product designs have brought consumer attention back to crafts and materials indigenous to Bangladesh, as its designers blend the traditional with the contemporary in a way that continues to win consumer appeal. Its success revolutionized trends and virtually created the market that has now been taken up

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by countless other boutiques and brands. Aarong caters to this growing urban consumer base through outlets in every major city in the country.

Their discerning style and high-quality craftsmanship make every Aarong product unique and demand for them has been consistently rising due to Aarong's focus on innovation, quality, value-based pricing and superior in-store customer service. All these elements, backed by a robust distribution network and strong supply chain, have made Aarong a true household brand in Bangladesh.

Just as Bangladeshis living abroad look to Aarong for products that connect them to their heritage, the Aarong experience is an essential part of any trip to Bangladesh by foreign visitors - a phenomenon chronicled in the "Lonely Planet" guide to Bangladesh. Aarong products are not only the gift items of choice for every occasion for local and expatriate Bangladeshis but also the quintessential cultural mementos for these visitors.

Aarong's growing presence outside Bangladesh - through fair-trade networks in Europe as well as a retail franchise in London - continues to broaden the market for Bangladeshi craft globally.

- **Cost leadership strategy**

Aarong is a firm that chose the cost leadership strategy aims to lower its production costs by implementing cost reduction through experience, constant cost control, cost reduction in the areas of research and development, advertising, promotion, etc. Having relatively lower costs than competitors becomes the goal of the strategy, although quality of services and other areas must not be ignored. Aarong concentrates its quality and features, and follow the promotional Activities like sponsors on fashion shows, online advertisement, exhibitions to retain its market position in the industry.



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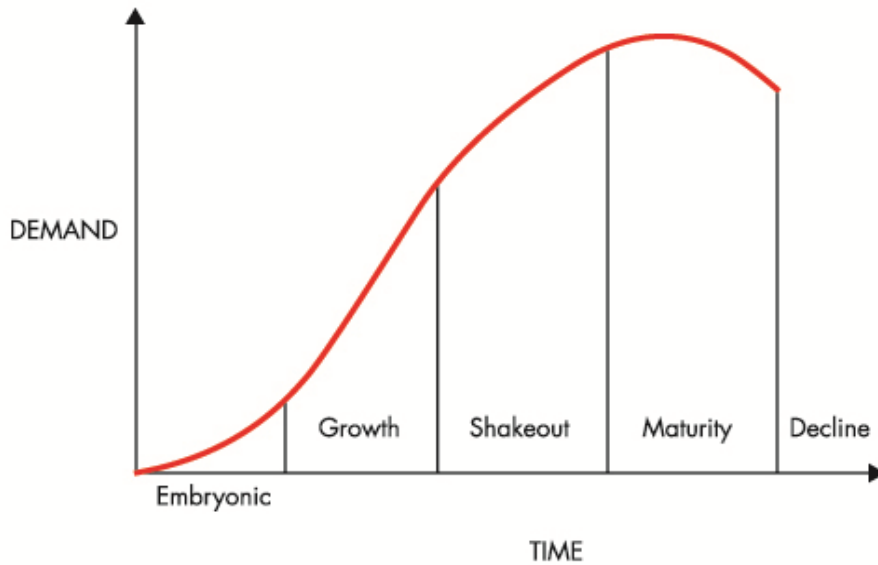


Figure 2: Industry life cycle of Aarong

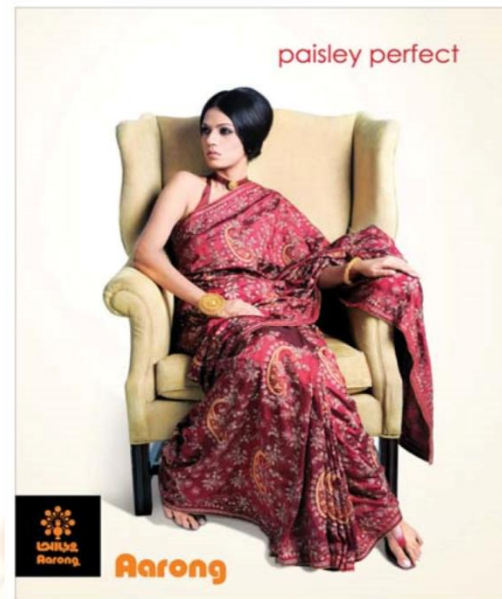
In the twentieth century firms have realized the cost leadership strategy through mass production, mass distribution and economies of scale (experience curve). In the twenty-first century, however, the focus of managers' switches to lean production, restructuring of the organization and outsourcing. Companies are therefore engaged only in those activities which bring them distinct cost advantages, and the rest is being outsourced.



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3.7 Qualitative differentiation strategy

Qualitative differentiation strategy is characterized by the creation of a product/service which will be perceived as unique by the customers. This is achieved through design or brand image, superior technology, great customer service or diversified distribution network. This strategy does not allow for ignoring the incurred costs, but they are not the primary strategic objective. Aarong introduced different features in men and women wears like taaga, Jamdani Sari, Khaki Punjabi, Pakistani Luann and such product.



Qualitative differentiation is a viable strategy for achieving above than average returns because it creates a defensible position for coping with competitive forces. Differentiation provides protection from competitors in a sense that consumer brand loyalty makes the firm less sensitive to changes in price. This increases the profit margin and avoids the need for setting up a low-cost position in the market. Consumer loyalty and competitors' need to fight the uniqueness of the firm provide entry barriers to potential entrants. Interestingly enough, the realization of differentiation will sometimes prevent the company from achieving a high market share, which is due to the fact that the products/services are often perceived as exclusive, which is incompatible with a high market share.

- **Focus strategy**

This strategy focuses on specific groups of customers, a segment of a product line or geographic markets. The goal is to apply one the two strategies above, but by focusing on serving specifically targeted areas or niche markets. The strategy rests on the assumption that the firm is in a better position to serve a narrow, strategically vital area of the market. As a result, the firm achieves qualitative differentiation through better solutions for the needs of specific targeted areas, or lower costs in serving these areas. Aarong also differentiates its market in all segment like men, women, children, foreigners and all generation people.



Current Scenario of Aarong

Today, Aarong has grown into a thriving enterprise showcasing ethnic wear to beautiful crafts from hand-woven silks, cotton, endi to terracotta, bamboo, jute, brass, leather and much more. From a small initiative to protect the interest of a rural community, Aarong has grown into one of Bangladesh's biggest retail chains, with 13 stores spread across the major metropolitan areas of the country - in Dhaka, Chittagong, Comilla, Sylhet, Naryangonj and Khulna. To compliment brick and mortar operations, an e-commerce website has launched to reach global markets. The brand's reach has spread throughout the country as it operates 13

Strategic Business Analysis of Aarong

AAF centers (with nearly 638 production and sub centers) and works with over a 800 artisan groups and entrepreneurs while ensuring the livelihood of over 65,000 artisans and their families (80% of whom are women), thus directly benefiting 320,000 people. In addition, through the profits it generates and redistributes through BRAC’s development programs, Aarong benefits hundreds of thousands more people as well as provides a service to consumers.

The brand generates a strong emotional connection and loyalty while bringing people together to showcase the best that Bangladesh’s highly skilled artisans have to offer. In addition to Aarong’s strong brand awareness and presence as the leading fashion house in Bangladesh, a key point of differentiation is the department store level product range and destination location status. Aarong is a one-stop shopping location from clothing to household items, gifts and fashion accessories to children’s toys. Aarong outlets have unique and convenient features such as parking areas and in-store cafes to round out the shopping experience.



Figure 3: distribution of Aarong

Aarong’s customers are not only the urban and middle to upper class Bangladeshis and expatriates but also include Bangladeshis living abroad who are looking for products that connect them to their country and roots and represent their identity as a Bangladeshi. Customers also include foreigners visiting Bangladesh, as Aarong is a must visit destination



Strategic Business Analysis of Aarong

that has a prominent mention in The Lonely Planet guide to Bangladesh. It is a place to pick up a piece of Bangladesh with a souvenir to remind visitors of the culture, vibrancy and warmth of the people and the country.

The unique positioning of Aarong as a ‘Bangladeshi Brand of Pride’ is built on its visionary and pioneering role in preserving, promoting and popularizing Bangladeshi crafts and the values of innovation, integrity, empathy and continuous learning that drive the brand to this day.



Strategic Business Analysis of Aarong

4.0 Values & Objective of Aarong

4.1 Aarong values

- **Innovation:** BRAC-Aarong has been an innovator in the creation of opportunities for the poor to lift themselves out of poverty. We value creativity in programme design and strive to display global leadership in groundbreaking development initiatives.
- **Integrity:** BRAC-Aarong value transparency and accountability in all our professional work, with clear policies and procedures, while displaying the utmost level of honesty in our financial dealings. We hold these to be the most essential elements of our work ethic.
- **Inclusiveness:** BRAC-Aarong are committed to engaging, supporting and recognising the value of all members of society, regardless of race, religion, gender, nationality, ethnicity, age, physical or mental ability, socioeconomic status and geography.
- **Effectiveness:** BRAC-Aarong value efficiency and excellence in all our work, constantly challenging ourselves to perform better, to meet and exceed programme targets, and to improve and deepen the impact of our interventions.

4.2 Objectives

BRAC-Aarong takes a holistic approach in conceptualizing and developing each of its enterprises. As BRAC enterprises have expanded from program support mechanisms to surplus generating enterprises with financial and social missions, each enterprise has ensured that it complying the four fundamental objectives of a BRAC-Aarong enterprise:

- Creating job opportunities
- Generating surplus for BRAC in order to minimize donor dependency
- Ensuring long-term support and contribution toward the sustainability of BRAC's development interventions such as microfinance, education and skills development etc.
- Becoming viable investments in the long run in order to act as 'hedge' against future liquidity.

Strategic Business Analysis of Aarong

4.3 Aarong's vision

Aarong's Vision is to create a world free from all forms of exploitation and discrimination where everyone has the opportunity to realize their potential.



4.4 Aarong's mission

Mission of BRAC-Aarong is to empower people and communities in situations of poverty, illiteracy, disease and social injustice. Our interventions aim to achieve large scale, positive changes through economic and social programs that enable men and women to realize their potential



Aarong®

4.5 Products of Aarong

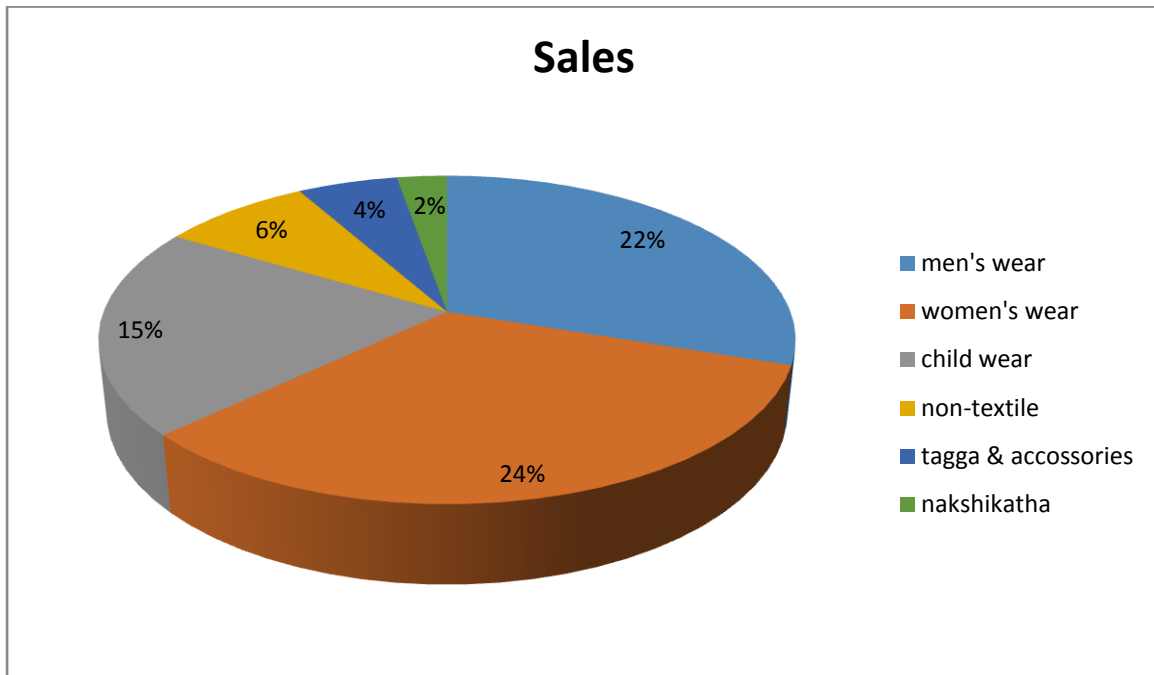


Figure 4: product of Aarong

4.6 Core competency of Aarong

The core competency of Aarong is integrity, innovation, inclusiveness and effectiveness. As a most successful enterprise model in Bangladesh Aarong creates competitive advantage among the handicraft-based retail industry in Bangladesh.

Strategic Business Analysis of Aarong

5.0 Business strategy of Aarong

5.1 The BRAC-Aarong model

BRAC-Aarong’s model for poverty alleviation and empowerment of the poor addresses the various causes of poverty through interlinked programs including economic development, health, education, human rights, legal services and disaster management. Key features of the BRAC-Aarong development model include:

- Focus on empowering poor rural women:** From its inception, BRAC focused mainly on rural women, by making small loans available to them for income-generating activities that enabled them to take charge of their lives and make improvements for themselves, their families and their communities. Today, more than 98 per cent of BRAC's borrowers are women.

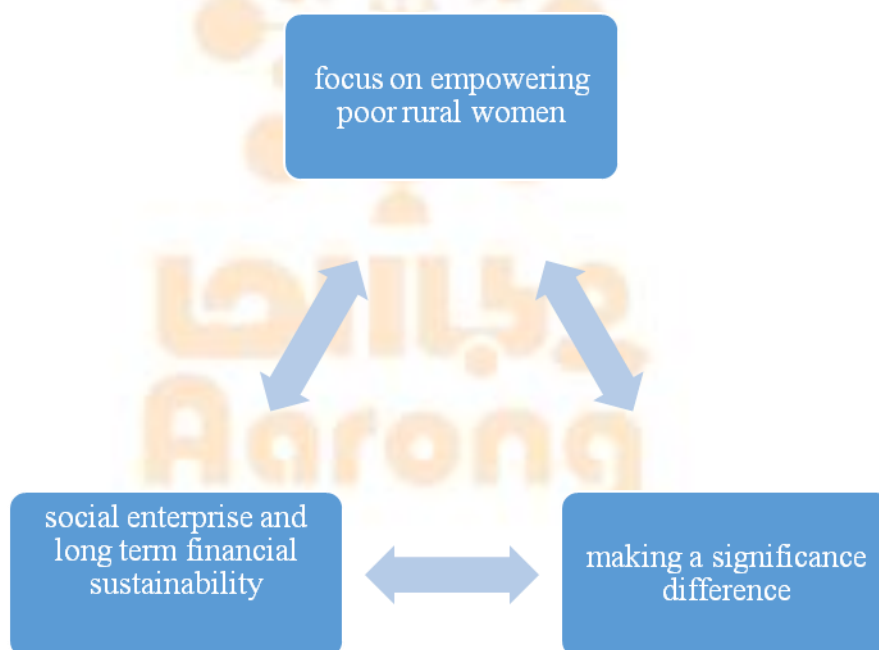


Figure 5: BRAC-Aarong model

- Making a significant difference:** The national scale and impact of BRAC's anti-poverty interventions are what makes BRAC unique in the development community.
- Social enterprises and long-term financial sustainability:** In addition to BRAC's core programs, it also runs commercially operated, pro-poor enterprises that are strategically linked to its development programs. These enterprises form the crucial

Strategic Business Analysis of Aarong

value chain linkages to increase productivity of assets and labor to reduce risk for the poor. BRAC's enterprises range from agriculture and dairy farming, to water sanitation, handicrafts and fashion through Aarong. The enterprises also help to make the organization increasingly self-sustaining.

5.2 Competitive business strategy of Aarong

Competitor analysis in marketing is an assessment of the strengths and weaknesses of current and potential competitors. This analysis provides both an offensive and defensive strategic context through which to identify opportunities and threats. Competitor profiling coalesces all of the relevant sources of competitor analysis into one framework in the support of efficient and effective strategy formulation, implementation, monitoring and adjustment.

Aarong has its own version of the competitive analysis and its function is clear: to line up your product with other products and show where yours falls short and where yours is superior. Each industry brings a different spin to this old favorite and user experience design has its own set of criteria by which to judge competitors.

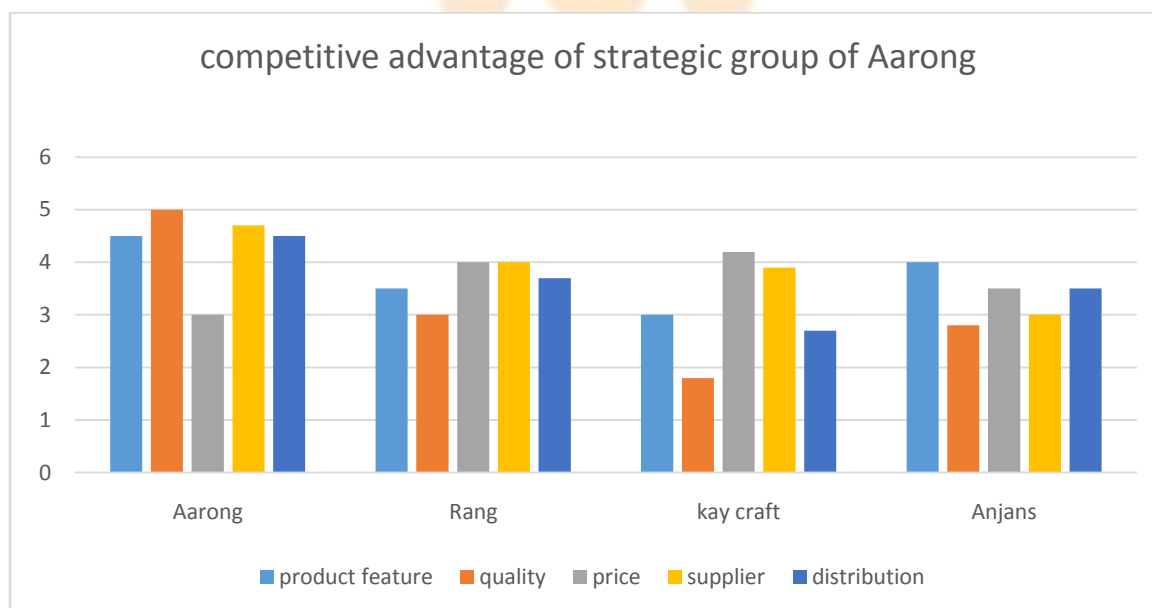


Figure 6: competitive advantage of Aarong among competitors

Strategic Business Analysis of Aarong

Aarong has competitive advantage over its competitors on almost every factors. Only few companies have ability to chase some sort of advantage like Aarong. Such as Anjan's product features, qualities and innovativeness, Kay-Kraft and Anjan's supplier, Rang's color.

5.3 E-commerce Launching

The launch of an e-commerce website is Aarong's latest initiative to provide greater market access for marginalized Producers in rural areas. Consumers globally will be able to experience the rich cultural craft of Bangladesh through the convenience of purchasing products online. Aarong joins the first wave of retailers in Bangladesh to offer online shopping to its customers.

The website features products from all Aarong product lines. Shoppers will be able to view the product and instantly purchase items 24 hours, 7 days a week. Cash on delivery, credit cards (VISA & MasterCard), and b-cash (Bikash) are all accepted forms of payment. The items will be shipped directly to any address within Bangladesh through courier service, and soon extended globally. Additionally, customers are able to exchange or return the product if they are not satisfied at their nearest outlet. It creates competitive advantage among the competitors of Aarong by creating online shopping strategy.



Strategic Business Analysis of Aarong

5.4 Strategic intend of Aarong being Social enterprise

Aarong - BRAC's flagship social enterprise BRAC established Aarong, its handicraft-marketing branch, in 1978. The initiative was dedicated to creating economic opportunity for disadvantaged artisans and rural women through the revival and promotion of their traditional handicrafts. Today Aarong has become the foundation for independent cooperative groups and family-based artisans to market their craft, both within Bangladesh and internationally. The project currently has nine retail outlets and supports more than 65,000 artisans in 2,000 villages across Bangladesh. An additional 25,000 independent cooperative groups and traditional family-based artisans also sell their crafts through Aarong. Potters, brass workers, jewelers, jute workers, basket weavers, handloom and silk weavers, wood carvers, leather workers and other artisans from all over the country come to Aarong for marketing and support services. Every woman who works in Aarong-owned production facilities is also a beneficiary of BRAC's multifaceted development programs with access to microcredit to develop income-generation activities in addition to their regular wages. As further evidence of BRAC's successful business model, Aarong has seen an average annual business growth of 40 per cent in the past four years. While many local export-orientated businesses have suffered as a result of the current world economic climate, Aarong's market, which is 95 per cent domestic, has grown by an estimated 12 per cent this year. Built on the strength of its strong domestic market, the Aarong label has become Bangladesh's leading fashion brand. The sheer scale of BRAC's reach and reputation within Bangladesh has been part of the reason the Aarong project has been so successful. The brand has a strong national identity and customers are proud to shop there. They also trust BRAC's sustainable business practices that have evolved through a model of trial first before scaling up. Aarong has also successfully found a niche in the retail fashion space. Prior to the establishment of Aarong's retail outlets, shopping for quality textile products was either through the backstreets of local markets or in up-market boutiques inside hotels. It is the closest shopping experience to a department store in Bangladesh, offering a range of products ranging from clothing, shoes, jewelry and accessories to furniture and home wares. So, although the brand's marketing includes billboard advertising and fashion shows within the country, it is really the elements of convenience, range and quality of product, combined with a strong national identity, that have effectively become its marketing tools. The value of Aarong to the creative industries in Bangladesh is not only economic. The success of the retail brand has inspired consumer interest in indigenous Bangladeshi design through blending the traditional with the

Strategic Business Analysis of Aarong

contemporary in a manner that has won instant consumer appeal. Aarong's product designs focus on the diverse types and textures of crafts and patterns that have been passed along from generation to generation among weavers and artisans in craft hubs around the country. Aarong also plays a role in protecting and promoting traditional Bangladeshi products and designs through its extensive design library where remnants of the country's rich craft heritage, such as Nakshikantha art and Jamdani patterns, have been widely researched and archived.

5.5 Balance scorecard of Aarong

Basically Balance Score Card is balancing financial objectives or perspective with strategic objectives or perspective the company.

Strategic Objective	Financial Objective
<ul style="list-style-type: none"> • New and improved product line • Focusing on international business through franchising • Increase market share 	<ul style="list-style-type: none"> • Sustainable growth of profit • Increase 15% of sales • 10% off sales

Action Plan

- Introduce new outlet with in the country.
- Make efficient inventory management and increase productivity.
- Investment in research and development to develop new product line.

5.6 Key success factors Of Aarong being social enterprise

Aarong develops strategic plans. It carefully creates a vision of its future and the strategies needed to get there. In Aarong experience, there are 5 critical factors that would ensure its strategic plans are successfully implemented.

1. Engagement

Strategic Planning is a process not an event. A key element in the process is the engagement of all levels of staff throughout the organization. Staff engagement generates additional input

Strategic Business Analysis of Aarong

and helps build their commitment to the end plan. It is essential to involve employees in the planning of strategy and direction for the organization. Employee's input will:

- Provide insight into issues, challenges, concerns, and opportunities which may not have been known or fully understood.
- Ensure their "buy-in" to help execute the strategies.

The senior management team will not execute the strategies - staff will. Aarong Engages its staff and its strategy execution success rate would increase dramatically and make it's the most successful social enterprise.

2. Communication

Strategic Planning processes are successful when a bottom up and top down communication approach is taken. It starts off with a communication to all levels of employees informing them that a Strategic Planning process will be undertaken. It includes how they will be involved in this process. This is the bottom up communication. Employees will provide input to the strategic planning process through feedback surveys, focus groups, meetings, etc. regarding their ideas for organizational direction, etc.

It is followed by the top down communication. At Aarong, Senior management would share the strategic plan with employees. They communicate to all employees how their engagement will help ensure success in the execution of these strategies.

3. Innovation

Aarong believes in innovation of new products or deliver a new service or re-structure a department. Recently Aarong has introduced new product in their department that is maternity wear for women. They also start to give innovative service on online shopping.

4. Project management

Once the strategic plan is together, there are two critical elements related to project management. One is to identify the projects that are required to ensure success in the execution of each strategy. Another is to develop a prioritization of all these projects to ensure the high priority ones have the proper resourcing to ensure success. This requires a

Strategic Business Analysis of Aarong

high involvement and commitment on the part of employees to spend the time required on the projects.

Aarong follows the high level of involvement of employees ensures that they understand the strategic plan. It increases their level of commitment to ensure the strategy is successfully executed because they understand how their work and the work they're completing on the project helps the organization to realize some or all of one of their key strategies.

5. Culture

Organizational Culture is the commonly held attitudes, values, beliefs and behaviors of its employees. The culture of Aarong is as unique and diverse as an individual's personality. If the employees of an organization believe that change is something to be feared and avoided, then change implementation is often reactive and haphazard. If the employees believe that all change should be aggressively implemented "from above", then change is seldom supported. However, if the employees of an organization believe that change is worthwhile and everyone's responsibility; then change and growth occur with relative ease. These are the culture of Aarong that continue to excel in their industry.

It is followed by the top down communication. Senior management share the strategic plan with employees. They communicate to all employees how their engagement will help ensure success in the execution of these strategies.

5.7 Strategic group & market positioning of Aarong

Strategic group is a set of business units or firms that pursue similar strategies with similar resources. For Aarong there are many strategic groups in same industry. Like Deshi-Dosh, kay-kraft, Jatra, rang are the strategic group of Aarong.

Strategic Business Analysis of Aarong

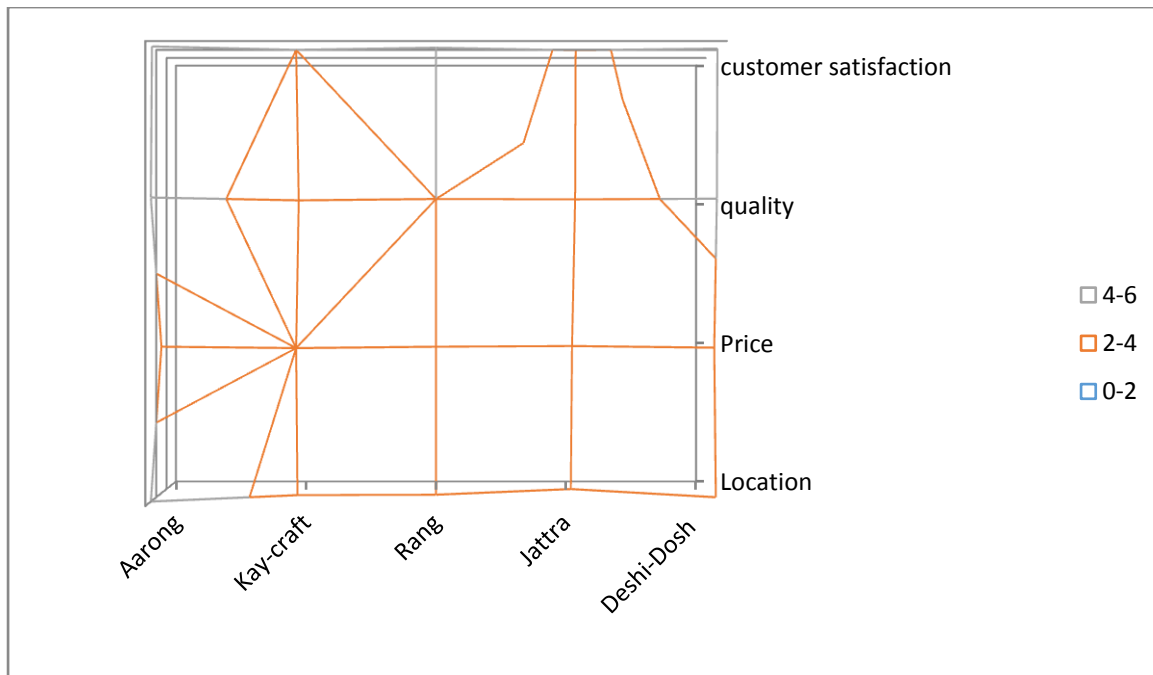


Figure 7: strategic group of Aarong

Aarong has many outlets compare to its strategic group in terms of price, features, location and also the customer satisfactions. therefore Deshi-Dosh, Rang and Jattrra are the strategic group of Aarong according to the market position as well as business strategies.

Market position deals with the question, ‘who are our customer?’ it refers to the selection of specific areas for marketing concentration and can be expressed in terms of market, product and geographical locations. Aarong follows different strategy to grab the market position compare to its strategic group.

- **High-Price Strategy**

Aarong prices its products or services higher than its competition to create a perceived value. Consumers wonder why a particular company is able to sell its product for more or why its fellow consumers are willing to pay more for the product. In the end, it may believe that the higher-priced product or service is worth more. Aarong produce best quality product with unique features comparatively high price than its strategic groups.

- **Image differentiation strategy**

As a leading brand of Bangladesh, Aarong certainly desires its presence in any mass media. But since Aarong’s market is defined geographically by the outlets in the four metropolitan

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cities, it's not very efficient to go for those mass media that have a significant coverage beyond Aarong's geographic market if we compare the cost and benefits. Billboards appeared to meet both the criteria wonderfully. Billboard is a "one to many" type of communication media with a control over the geographic reach through photo-shoot. There are two types of photo shoots for Aarong's promotion.

- Commercial Photography
- Thematic Photography

Since all the customers come to Aarong for making purchases, marketing communication at outlets is highly fruitful. Keeping this in mind, in store display boards were installed with impressions that have been used on billboards and magazines.

- **Channel differentiation strategy**

Aarong used selected press media as another channel of communication. Since Aarong is a fashion brand, placing advertisements on Magazines, Fashion supplements etc. was expected to be more effective in reaching the target customers.

Considering Face book as a very popular social networking media, the billboard impressions were uploaded on Face book Aarong Page and all the members were notified about it. There was a huge increase in the visit frequency of Aarong Page shortly after that.

Next, Aarong's shopping bag was recognized as a very efficient channel to reach out to the customers intimately. Therefore, a new shopping bag was introduced incorporating the essence of the new brand image – a vibrant orange bag replaced the old black one.

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5.8 Porter’s five model at Aarong

This theory is based on the concept that there are five forces that determine the competitive intensity and attractiveness of a market. Porter’s five forces help to identify where power lies in a business situation. This is useful both in understanding the strength of an organization’s current competitive position, and the strength of a position that an organization may look to move into.

Aarong uses Porter’s five forces to understand whether new products or services are potentially profitable. By understanding where power lies, the theory can also be used to identify areas of strength, to improve weaknesses and to avoid mistakes.

Porter’s five forces of competitive position analysis:

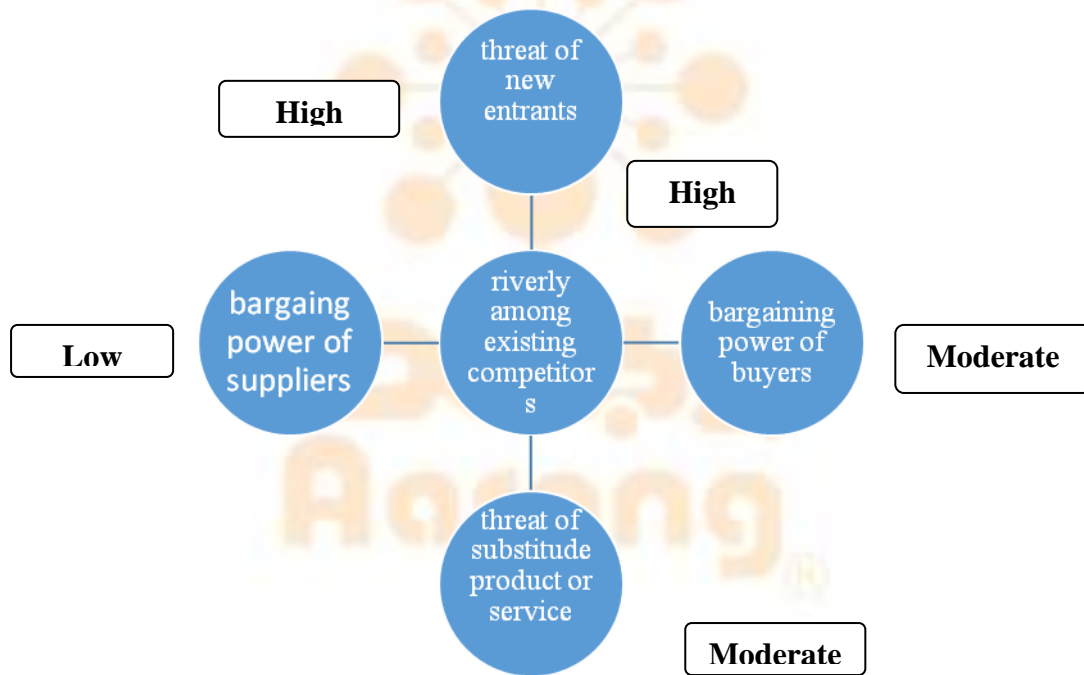


Figure 8: Porter’s five factor at Aarong

Strategic Business Analysis of Aarong

5.9 Porter's five model at aarong

- **Supplier power**

An assessment of how easy it is for suppliers to drive up prices. This is driven by the: number of suppliers of each essential input; uniqueness of their product or service; relative size and strength of the supplier; and cost of switching from one supplier to another. The bargaining power at Aarong is low because Aarong has determines the price of the product for the supplier.

- **Buyer power**

An assessment of how easy it is for buyers to drive prices down. This is driven by the number of buyers in the market; importance of each individual buyer to the organization; and cost to the buyer of switching from one supplier to another. If a business has just a few powerful buyers, they are often able to dictate terms. Handicraft based retail industry like Aarong has a strong potential buyers, so they may reduce their switching cost as well as increase the buyers value.

- **Competitive rivalry**

The main driver is the number and capability of competitors in the market. Many competitors offering undifferentiated products and services, will reduce market attractiveness. Aarong follow the differentiated market strategy for different segmented customer. So its status in competitive rivalry is modaret.

- **Threat of substitution**

Where close substitute products exist in a market, it increases the likelihood of customers switching to alternatives in response to price increases. This reduces both the power of suppliers and the attractiveness of the market. Aarong may face modaret threats but because of its differentiated market strategy and quality of product customer are not willing to switch to alternatives.

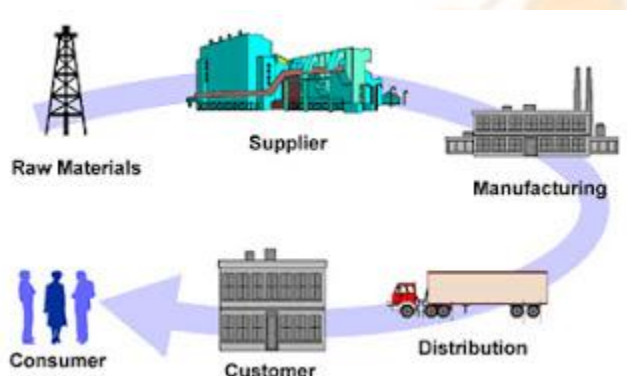
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- **Threat of new entry**

Profitable markets attract new entrants, which erodes profitability. Unless incumbents have strong and durable barriers to entry, for example, patents, economies of scale, capital requirements or government policies, then profitability will decline to a competitive rate. As handicraft based lifestyle retail industry encourages new entry, Aarong creates high entry barrier through its high level of quality and brand value. so Aarong has a high threats on new entrance.

5.10 Aarong's value chain

Aarong's value chain is the movement of materials as they flow from their source to the end customer. The whole value chain of Aarong includes purchasing, manufacturing, warehousing, transportation, customer service; demand planning, supply planning and Supply Chain management. It is made up of the employees, activities, information and resources involved in moving a product from Aarong's supplier to its customer.



How Aarong's Supply Chain Management System is build

Aarong's supply chain management system is a group of things working together.

Computers, fax machines, data storage system, operating personals, procedures for the employees and the most vital components of Aarong's supply chain management system are its telecommunication system.

Cell phones helped Aarong to create a communication network with every suppliers and transportation partners across the country. All this components work together to provide information to collect products, manage the suppliers, to provide services, create report etc.

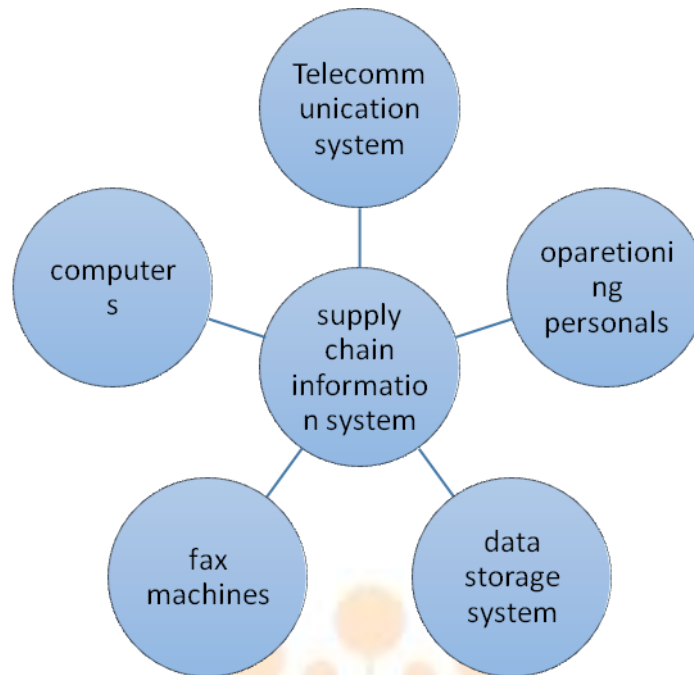


Figure 8: supply chain management system at Aarong

Chain management of Aarong but the main value chain management software is developed by Aarong. This software is used for both value chain planning and to help them to execute the supply chain steps. Aarong has hired trained professionals to operate its supply chain management system and keep updating Aarong is value/ supply chain management system can be divided into two systems. Both of this system is vital for Aarong is business.

Aarong's value Chain Management Process:

- 1. Planning:** Aarong's supply chain management planning starts at the top of the management. Management tries to balance out the demand and supply to meet Aarong's sourcing, production, delivery and return requirements.
- 2. Sourcing:** Aarong has large pool of sources to meets it supply. As the demand requires suppliers come up with raw materials and goods. Then it creates a product which we can exploit.
- 3. Making:** Co-operatives comes up with final goods and they deliver them to the final processing section of Aarong. The goods or products are ready to use for the customers.
- 4. Delivering:** Aarong is delivering process is managed by its own transportation. Aarong directly distributes its product to the consumers. Their job is to distribute shipments properly. "Just-in-time" is followed in delivery process.

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5. Returning: Return process is consisting of product returns and post-delivery customer support which is done by Aarong. Generally Aarong obtained their products to their consumers within 30days. It's also includes Aarong's return process.

6. Logistics: Aarong's top level management plans, supportive relation to their consumers and control of all other factors that have an impact on the supply chain.

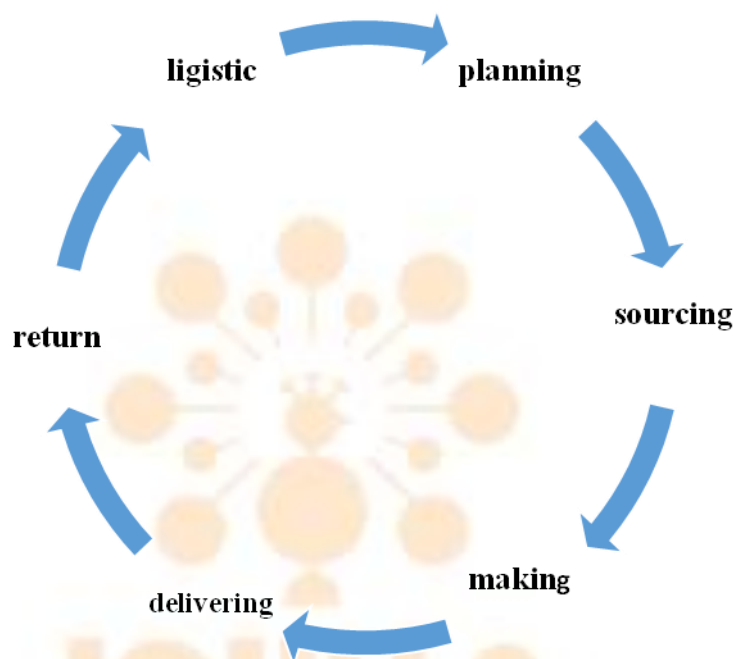


figure 9: Value-chain of Aarong

5.11 PESTEL analysis on Aarong

A PESTEL analysis is a framework or tool used by marketers to analyse and monitor the macro-environmental (external marketing environment) factors that have an impact on an organisation. The result of which is used to identify threats and weaknesses which is used in a SWOT analysis.



Figure 10: PESTEL analysis

Political Factors

These are all about how and to what degree a government intervenes in the economy. This can include – government policy, political stability or instability in overseas markets, foreign trade policy, tax policy, labor law, environmental law, trade restrictions and so on.

It is clear from the list above that political factors often have an impact on organizations and how they do business. According to political agreement of Bangladesh government Aarong is now export their product in UK and USA. Organizations need to be able to respond to the current and anticipated future legislation, and adjust their marketing policy accordingly.

Economic Factors

Economic factors have a significant impact on how an organization does business and also how profitable they are. Factors include – economic growth, interest rates, exchange rates, inflation, disposable income of consumers and businesses and so on.

These factors can be further broken down into macro-economic and micro-economic factors. Macro-economic factors deal with the management of demand in any given economy. Governments use interest rate control, taxation policy and government expenditure as their

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main mechanisms they use for this. Aarong concentrates on economic factors and they ask customer for tax through Vat with the actual price of the product.

Micro-economic factors are all about the way people spend their incomes. This has a large impact on B2C organizations in particular.

Social Factors

Also known as socio-cultural factors, are the areas that involve the shared belief and attitudes of the population. These factors include – population growth, age distribution, health consciousness, and career attitudes and so on. These factors are of particular interest as they have a direct effect on how marketers understand customers and what drives them. Aarong follows the social factor and by concentrating on that, it determine its target customer and marketing strategies.

Technological Factors

We all know how fast the technological landscape changes and how this impacts the way we market our products. Aarong established online shopping for distributing their product to their target customer. It follows social media as well as electronic media for communicating with their target market as well as for their promotional activities.

Environmental Factors

Aarong considers environmental factor important due to the increasing scarcity of raw materials, pollution targets, doing business as an ethical and sustainable company, carbon footprint targets set by governments. These are just some of the issues marketers are facing within this factor. More and more consumers are demanding that the products they buy are sourced ethically, and if possible from a sustainable source.

Legal Factors

Aarong follows legal factors include - health and safety, equal opportunities, advertising standards, consumer rights and laws, product labelling and product safety. It is clear that companies need to know what is and what is not legal in order to trade successfully. If an organization trades globally this becomes a very tricky area to get right as each country has its own set of rules and regulations.

Strategic Business Analysis of Aarong

It is clear from the above observation that the political factors have little impact on Aarong to export the products where economic factors have a huge impact on the organization. Aarong highly concentrates on social factors to determine its target customer and marketing strategies. Technologically Aarong is on indifferent condition where it highly concentrates on environmental factors. At the same the organization is highly concentrated on the legal factors.



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6.0 SWOT analysis of Aarong

SWOT analysis is a powerful technique for understanding organizations Strength & Weakness and looking for the Opportunities & Threats it may face. Used in a business context it helps organization carve a sustainable niche in a market. This analysis is mainly based on an imaginary situation.

Strengths

1. Strong financial foundation
2. Legal enterprise
3. Good brand image/ good awareness
4. Handmade and unique products
5. Traditional
6. Dedicated workforce
7. Socially responsible
8. Backward linkage
9. Fair trade leader
10. Good office environment
11. One stop shopping

Weaknesses

1. Dependence on BRAC (decision making)
2. Decentralized production
3. Lack of automation
4. Lack of inter-departmental coordination
5. Lack of standardization \ quality

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6. Lack of planning & implementation & follow up
7. Lack of customer and other information
8. Matching of skills with responsibilities and expectations
9. Standard of customer service
10. lack of parking space
11. Space constraint
12. Products do not appeal to the younger generation
13. High production lead times
14. Salary structure is low for sales staff High price (validate)

Opportunities

1. Automation
2. Setup ultra-modern factory
3. E commerce and m commerce
4. New outlets (local and international)
5. Develop exports
6. New product lines
7. Growing craft industry
8. Growing middle class having purchasing power
9. Abundance of artisans
10. Franchise ventures

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Threats

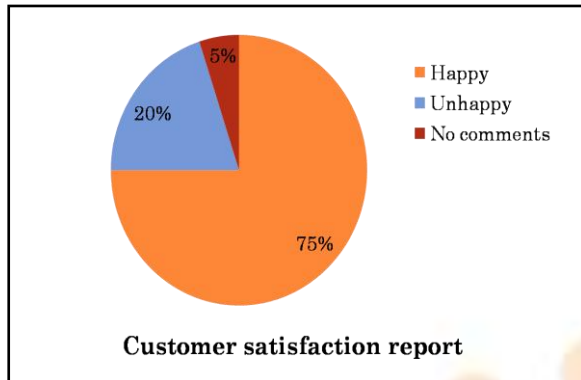
1. New competitors (local and global)
2. Economic crisis
3. Commitment of the political parties
4. Smuggled goods
5. Traffic jam
6. Security
7. Westernization
8. Market may become price sensitive



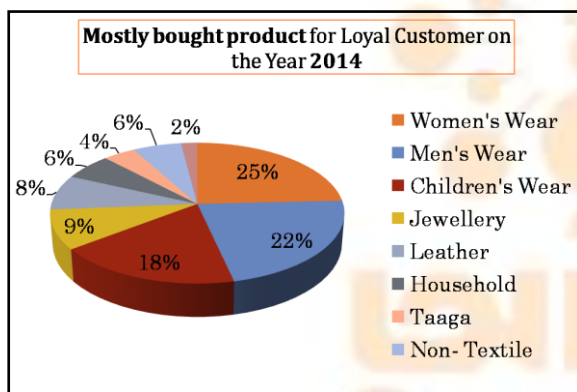
Strategic Business Analysis of Aarong

6.1 Response from the survey

As a result of my survey we got the following information:

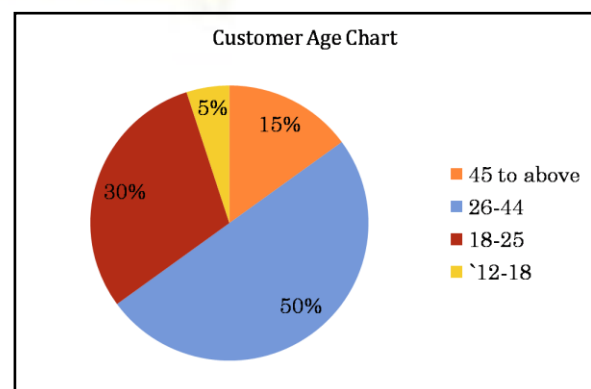


75% of the surveyed customers are happy with the product and 20% of that same are unhappy where 5% of the customer do not willing to comment.

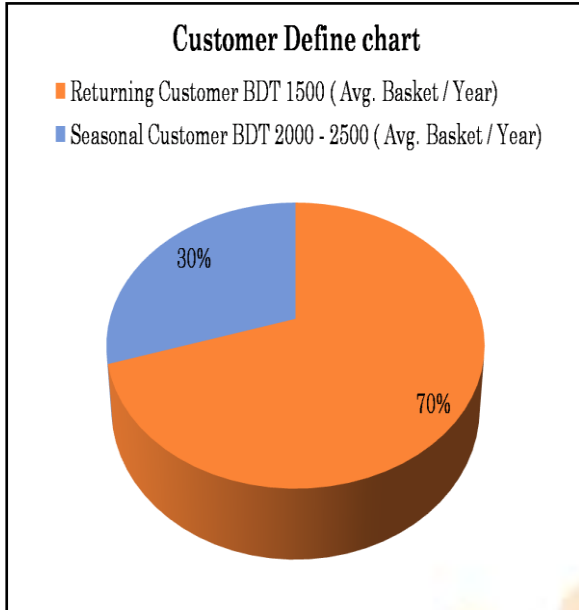


25% of surveyed customer bought women's wear, 22% men's wear, 9% jewelry, 18% children wear, 8% non-textile products, 4% Taaga, 6% lather and 2% house hold products are bought for loyal customer.

According to customer survey, 50% of customers are 26-44 age group, 30% are 18-25 age group, 15% are 45 and above and 5% customers are 12-18 age group.

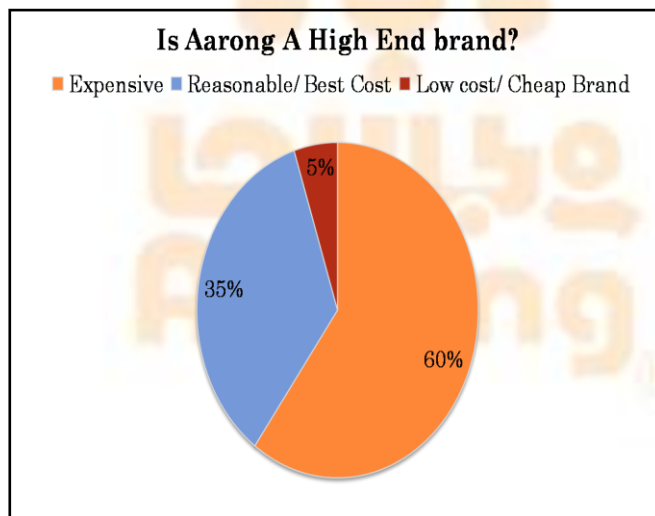


Strategic Business Analysis of Aarong



70% of survey customers are returning and 30% are seasonal customers.

60% survey customer said that the products of Aarong expense high, 35% said it is reasonable and 5% said it's cheap.





7.0 Service offering of Aarong

7.1 My Aarong Rewards Card (MARC) My Aarong Reward card (MARC) is a scheme to acknowledge regular and loyal customers of Aarong. The mission is to strengthen the relation with the existing and potential customer by enhancing brand loyalty. This program will allow our MARC customers to earn and redeem points on their purchase. This loyalty program can also provide insight on customers spending behavior and offer them the product that they are more likely to purchase.



Types of Cards: There are three available types of My Aarong Rewards Cards:

Life Style

Gold

Platinum

Registration Criteria:

- Managers (or other appointed persons) from outlets should inform the CRM of any staff(s) (also submitting their cellular phone number) who are suitable in handling issues related to MARC. Said staffs will be designated as MARC Representatives. In the event that a MARC



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Representative takes a leave or quits his/her job, the Manager should inform the Aarong Central Service as soon as possible, submitting the name and cellular phone number of any replacement that may have been appointed.

- New MARC Subscription Forms may be offered unofficially. Outlets should offer Aarong regular but “MARC” customers (customers who don’t have MARC) the Subscription Form as a special honor to their loyalty. Sales Associates should fill up the form if the customer does not want to fill it up himself/herself. Forms should be filled up with the objective to collect maximum possible information about the customer without causing his/her displeasure.
- All customers’ requests, complaints, queries etc. must be sent to the CRM within 2 days by the outlets. Sylhet, Chittagong and Khulna outlets can do so through a courier service if Aarong transportation is not available within 3 days. For accidental delay, MARC Representatives must utilize the “Late Acceptance Request” form. Additional transportation time will be considered for each outlet according to their locations.
- CRM regularly publishes updates of the Customer Service Status and Card Distribution Status, which is accessible at <http://203.100.100.6/crm> or <http://crmserver/crm> It is recommended for outlets to bookmark this page on their web browser. If necessary, outlets may contact CRM or IT for help or more information on this link. Outlets should cross-check with the updates and maintain an Excel file locally. In case of any discrepancy, the MARC Representatives must inform the Marketing Department. After two days, the liability of the cards, which are enlisted in the published list, will be made available to the outlets.
- Customers should be asked to sign in a registry book as their cards are collected. After the customer signs the book, the MARC Representatives should to record/verify the **Name**, **Mobile Number** and **Email Address** (if available) of the customer and then sign the document to close the entry.

Benefits:

Permanent Benefits:

- Points earning on every purchase of any amount at any Aarong outlet. For every Tk. 100 of purchase value

Strategic Business Analysis of Aarong

- A life style customer will earn 1 point.
- A gold customer will earn 2 points.
- A platinum customer will earn 3 points.
- Redeeming points on every purchase at any Aarong outlet.
- It will be confirmed within the same date of purchasing on the customer`s account.
- In case of any purchase return, points earned will be deducted during return.
- However, points can be earned during product exchange or by using Aarong Credit Voucher.

Category wise benefits:

- Special service for platinum card member at any Aarong outlet
- Bonus pts on Birthday and wishes for platinum customers.
- Special gift at festivals e.g. new year gift, Pohela Boishakh gift.

Optional Benefits:

- Point acceleration campaigns: Aarong will issue double/triple or more points to the card holder in various occasion or events according to the management decision. Below follows few examples of such events:
 - Event-wise (e.g. Double points on Valentine`s Day)
 - Periodical (e.g. Day and time wise) Triple points from Day/Month/Year - Day/Month/Year from XX am – XX pm.
 - Product-wise (e.g. Double/triple or more points on product line wise, individual product wise)
 - Product Price wise (e.g. Double/triple points on product price range)
 - Customer location wise (e.g. All Dhanmondi customer will earn double/triple points)



Strategic Business Analysis of Aarong

- Outlet location wise (e.g. double/triple points from Comilla outlet)
- Age wise
- Aarong's loyal customers Of the Year- a yearly honor giving program for MARC customers. Aarong will identify the loyal customers through the CRM. The following program will organize based on below criteria:
- Category wise
- Point record
- Purchase record
- For example: Aarong will identify maximum point's earners on category wise

Category	Primary selection on points	Final selection on PR
Platinum	6	3
Gold	10	5
Lifestyle	20	10

- Then customers will be short listed based on purchase record.
- Selected MARC customer will be eligible to have rewards of complementary benefits from Aarong e.g. Dinner at Westin/ Nandos / Travel package and many more possible benefits according to the management decision.

Strategic Business Analysis of Aarong

8.0 CONCLUSION & RECOMMENDATIONS

From the beginning, Aarong is a fair trade organization dedicated to bring about positive changes in the lives of disadvantaged artisans and underprivileged rural women by reviving and promoting their skills and craft. Reaching out to weavers, potters, brass workers, jewelers, jute workers, basket weavers, wood carvers, leather workers and more, Aarong embraces and nurtures a diverse representation of 65,000 artisans, 85% of whom are women. Today, Aarong has become the foundation upon which independent cooperative groups and family-based artisans market their craft, in an effort to position the nation's handicraft industry on a world platform of appreciation and acknowledgement.

In this situation I recommend some to go ahead in fashion sector:

1. Government should mostly contribute in this sector.
2. Establish fashion institute.
3. Arrange fashion competition in between the country.
4. Invite foreigner; etc.



Strategic Business Analysis of Aarong

9.0 References

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Bangladesh handicraft based retail industry





Strategic Business Analysis of Aarong

Survey on Aarong in context of social Enterprise Model of Bangladesh

<i>Name of the Participant</i> :			
<i>Age:</i>	<i>Sex:</i>	<i>Marital Status:</i>	<i>Yearly Income:</i>
<i>Education:</i>			

Questionnaire survey

For data collection process, 50 customers, 10 management/ non-management staff and 30 producers from different product categories from different parts of the country would be interviewed.

Customer survey

1. Have you ever heard about Aarong?

- Yes
- No

If No, please return the questionnaire. Else, please proceed.

2. How often do you shop for clothes? Gifts or household items/products?

- Once a week
- Once a month
- Twice a week
- Fortnightly

3. Do you shop any product from Aarong?

- Yes
- No



Strategic Business Analysis of Aarong

4. Where else do you go shopping for your clothes/household items/gifts?

Please mention _____

5. Do you shop online? (If yes, please mention few of your favorite online sites)

- Yes
- No

6. What is your favorite social media?

- Face book
- Twitter
- LinkedIn
- Google+

7. What is your total expenditure on clothes, household/gift items per month?

- Less than Tk. 5,000
- Tk. 5,000 to 10,000
- Tk. 10,000 to 20,000
- Above Tk. 20,000

8. How many products you used to shop from Aarong in a single visit?

- 1-5
- 5-10
- 10-15
- More than 15

9. What items do you buy the most from Aarong?

- Clothing
- Lather
- Jewelry
- Household good

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- Other

10. Do you buy any men's product from Aarong?

- Yes
- No

11. Are you a member of any club?

- No
- Yes. Name of the club: _____

12. Are you satisfied with Aarong's products?

- Yes
- No

13. If no, why you did not satisfy with these products?

- Lack of quality
 - High price
 - Others (please specify)
-

14. If yes, why you satisfied with products?

- High quality
 - Minimum price
 - Others (Please specify)
-

15. What is the rate of satisfaction level you found in Aarong?

- Strongly satisfied
- Satisfied
- Good
- Average
- Poor

Strategic Business Analysis of Aarong

- Totally dissatisfied

16. Do you like the quality which Aarong provides?

- Yes
- No
- Average

17. Please share your customer service experience at Aarong outlet with the rate of satisfaction level

- Much better
- Somewhat better
- Somewhat worse
- Much worse

18. What do you find most interesting when you visit Aarong?

- The company policy
 - Room condition
 - Customer Service
 - Others. please mention _____
-

19. How do you recommend the price range of the product of this retail chain?

- It is high
- It is reasonable
- Product quality is important than price

20. Does price influence your buying decision?

- Yes
- No, I prefer brand quality rather than price
- Sometimes.

Strategic Business Analysis of Aarong

21. Which retail chain you like to prefer as a substitute of Aarong?

- Yellow
 - Deshi Dosh
 - Eastasy
 - Zatra
 - Others please specify
-

22. What do you find most difficult when you shop at Aarong?

- Billing system
 - Employee cooperation
 - Company policy
 - Others please specify
-

23. Do Aarong give discount to old customer?

- Yes
- No

24. Why you recommend others to buy product in Aarong?

- Popularity
- Better service
- High quality

Strategic Business Analysis of Aarong

Management Survey

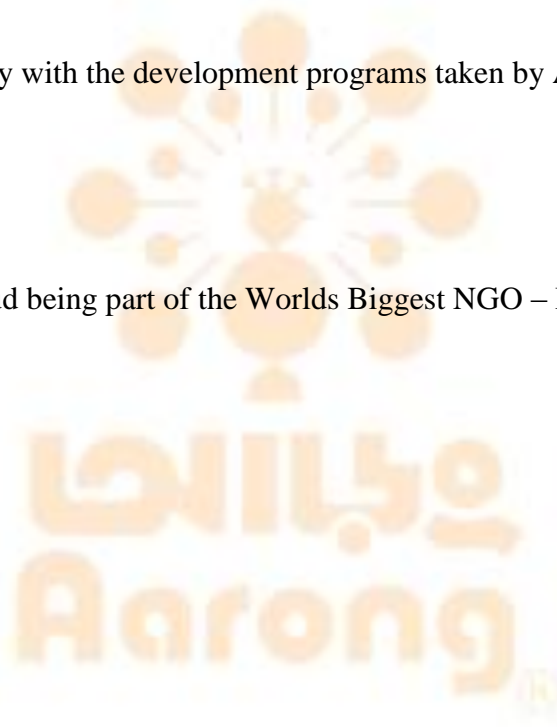
1. Are parttime or full time employee?
 - Full Time
 - Parttime
2. How many hours you need to work at Aarong?
 - 4-6 hours a day
 - 8-9 hours a day
 - 10 & above
3. Which attract you most working at Aarong?
 - Working environment is friendly
 - Compensation system is attractive
 - It creates social value in the society
 - Others

(May give your own opinion)

-
4. How the organization reward/ reinforce their staff?
 - According to their performance
 - According to business needs
 - According to year spent
 5. Is there any opportunity to establish careers for long time in Aarong?
 - yes
 - No
 6. Do you get your salary and other financial benefits on time?

Strategic Business Analysis of Aarong

- Yes
 - No
7. Do you believe Aarong is a socially responsible organization?
- Yes
 - No
8. Have your personal objectives of social contribution met through Aarong?
- Yes
 - No
9. Are are happy with the development programs taken by Aarong?
- Yes
 - No
10. Are you proud being part of the Worlds Biggest NGO – BRAC?
- Yes
 - No



Strategic Business Analysis of Aarong

Producer survey

1. What type of product you produce?

- Clothing
- Jewelry
- Lather
- House hold products
- Non household products

2. Where is the factory?

- inside the Dhaka
- outside the Dhaka

3. How many employees work in each sector of production?

- 5-15
- 20-25
- 26 & above

4. How are the quality of product that you produce?

- Maintaining high product quality
- Average
- Minimum

5. Do you get any opportunity to work with other projects of BRAC?

- Yes
- No

(If any what type of opportunity you get from other project of BRAC)

Strategic Business Analysis of Aarong

6. Does Aarong follow the corporate social responsibilities (CSR)?
- Yes
 - No

