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Upcoming Challenges and Opportunities of Retailing in Pakistan (Supermarket)

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1.1 INTRODUCTION

The field of retailing is both fascinating and appealing. Retailing is consist of those business activities involve in the sale of goods and services to consumers for their personal, family, or house hold use. Retailing is main and specialized marketing activity. Retailing is the last stage in a channel of distribution. "The ultimate objective of all marketing endeavors is to reach the ultimate consumer with the product and service he needs at the time he wants, at the price which suits him and he willing to pay. Retailing augments in the achievement of this ultimate objective."

1.1.1 RETAILERS PERFORM FOLLOWING MAIN FOUR FUNCTIONS:

- a. Retailer collects an assortment of products and services from a wholesaler and supplier who purchased them form producer and offer them for sale.
- b. They provide information to consumers, as well as to other channel members about the product and keep them aware about the availability of product.
- c. They frequently store merchandise, mark prices on it and pay for items prior to, selling them to final consumers.
- d. They conclude transactions with the final consumers.

1.1.2 HISTORY OF RETAILING

Chain of retail stores is known to have been operative in China several centuries before Christ. The chain store, as it is known in much of the world today, however, is generally believed to stem from the founding of Great Atlantic and Pacific Tea Company (A&P) in New York City in 1859.

The prototype of present day departmental stores existed in Japan as early as the 17th century. The horse-drawn buses encouraged the growth of central business districts and allowed department store to take hold in the western world. "Au Bon March" in Paris developed from a large specialty-store to a department store in about 1860.

SMALL INDEPENDENT MERCHANTS, however still form the majority of retailers in all the countries of the world. Till disintegration of the USSR, most retail stores in all the communist countries were nationalized and still in most countries they remain so. However in some states (Central Asian States) the trend is gradually changing and self-owned retail stores are being encouraged and they are coming up.

The pattern of SUPER MARKET development was set in the United States in 1930, when Michael Cullin opened the first unit of what was to become the King Kullen Chain of Super Markets. CONSUMER COOPERATIVES are retail stores owned and operated by consumers for their mutual benefit. Most COOPERATIVES adopt the principles of the first cooperative store established in Rochelle, England in 1954.

The three principal types of NON-STORE RETAILERS are catalog houses, itinerant (roving) retailers and vending machines operators. The largest catalog houses in the world, Sears, Roebuck & company and Montgomery Ward & company were founded in the United States during the latter part of the 19th century. Following World War II, mail order specialists grew rapidly in highly industrialized countries.

1.1.3 TYPES OF RETAIL OUTLETS:

Many types of retail outlets each fulfilling a particular purpose in the distributive process can be identified. The retailer reaches the customer in one or more of following four ways:

- a. Through stores
- b. House to house selling
- c. Through mail
- d. Automatic Vending machines

It is the type and range of merchandise, which determine the form of organization of retail stores. The distinctions are as under:

- a. Small retailer and small chains
- b. The large chain or multiple
- c. The department store
- d. The cooperative store
- e. The mail order
- f. Automatic vending machines

1.1.4 RETAILING IN PAKISTAN

Retailing in Pakistan, and for that matter in most of the Third World Countries, has traditionally been a small scale business, meant mainly for small and less or not educated entrepreneurs. Till late sixties, large scale retailing institutions like Super Markets, Departmental Stores, and Discount Houses were unheard of in Pakistan.

However, utility Store and canteen stores Department, a type of mini super markets, are functioning since the time of independence: but these stores were mutual benefit stores for service of government servants and Defense Services personnel respectively. In late sixties, in Lahore, a super market chain with the name of COOP stores was introduced. The CSD still remains a mutual benefit store but utility stores have been opened to general public. The chain of COOP store of Lahore was later taken over by Utility Stores Corporation of Pakistan.

In the rural areas of Pakistan, the retailing still follows the same traditional 'HUTTI' system — small shops which provide very necessary daily use items to the villagers from available stores. These days almost all grocery items, cosmetics, vegetable ghee, and other essential items including shelf medicines are available on HUTTIES, but back in fifties rather till late in sixties very few items could be procured from these HUTTIES.

In the urban areas of Pakistan, almost all types of related outlets exist. The introduction of sector wise planned markets in the newly planned modern city of Islamabad the capital, gave new dimensions to modern retailing in Pakistan. Thereafter almost in all other cities and new towns of Pakistan, where a new residential locality had to be developed, special emphasis was given to plan retail markets in a proper way.

The main retail urban outlets are:

- a. Small retailers
- b. Large retailers/ wholesale retail stores
- c. Department stores
- d. Super markets
- e. Street vendors
- f. Vending machines
- g. Mail order selling
- h. Utility stores
- i. Cooperative stores
- j. Medical & general stores
- k. Specialty stores
- l. Juma, Mangal or Itwar Bazars

As the field of retailing is very vast and its way of business varies with the constrain of different geographical condition and field of research is supermarkets which are only available and famous in metropolitan cities of Pakistan and area the research covers famous supermarket of Karachi only which are as follows.

- **Intiaz super market**
- **Naheed super market**
- **ARY Cash & Carry**

1.1.4.1 IMTIAZ SUPER MARKET:

Imtiaz super market was founded by Mr.Imtiaz Abbasi in 1984 .firstly it was located at Bahadurabad chorangi currently it is located at Awami markaz sharaha-e-faisal. The size of store is 300*8 square feet and it is consist of ground floor only and it is now employed 54 personal which are serving customer at different stalls and it is unique and pleasant experience of shopping related to FMCG and eatable products. Product range is more then 3000 products. The store has a variety of splendid products/items both foreign and locally manufactured which include

EATABLES

FMCG

FROZEN FOODS

GLOCERIS

The shelves are neat & tidy and each product has enough pieces of each item as to satisfy the customers' needs. Each product is clearly placed so nobody has difficulty in finding what they are looking for. Imtiaz Supermarket is providing its customer good quality of products at a lower price. The location of store is prime because it is located at AWAMI MARKAZ where people of all class and life style visit frequently and in addition to it ,it is located at main Sharah-e-Faisal which is one of important, famous and busy road of Karachi . Supermarket is holding vast range of product which is very from price, quality. Product price ranges from RS.10 to RS.20000.

1.1.4.2 NAHEED SUPER MARKET:

Naheed Supermarket was founded by Abul Abrar in 1971 and it was first located at Bahadurabad Chorangi. Currently Naheed Supermarket is situated in the area of P.E.C.H.S. close to Delhi Mercantile & Shaheed-e-Millat Road. He named the supermarket after his wife. His son currently owns and operates the supermarket. store cover area of 1800 square yards and it is consist of ground plus 2floors and presently employed 48 personal which are well educated and very much informed about the product available at super store .Naheed's Supermarket is providing its customer good quality of products at a right price.thier product range is huge which is about 4500 include

FMCG

ELECTRONICS

FOOD (FROZEN & FRESH)

INFANT & BABY PRODUCTS

COSMATICS

The exterior of the store is acceptable as the store is situated on the main road. It has a large space for parking. The interior of Naheed's supermarket is well maintained. The customers face a different environment when compared to the environment of other stores. The store has a variety of splendid products/items both foreign and locally manufactured.

Naheed Supermarket focus is mainly on high quality products. They charge higher prices (than other stores) for groceries but insist on quality and at times it seen to have a positive influence. Their product price range is from RS.10 to RS.50000.

1.1.4.3 ARY CASH & CARRY

ARY Cash & Carry is one of major supermarket chain growing in Pakistan which is part of ARY business network which is very famous name is various business fields specially in gold and media .It is located both metropolitan cities of Pakistan that is Karachi and Lahore and international network at UK and MIDDLE EAST. In Karachi it is located at Asia pacific centre, Main Rashid Minhas road Gulistan-e- Jauhar. It consists of ground floor plus 1 and employed 68 experience and well educated personal to serve and guide customers.

The area it is cover is 12000 square feet of pure unmatched shopping experience which is house of huge verities of branded and unbranded product which are more then 6000 thousand in number plus the have unique facility which make it separate and distinguish it from other supermarkets including services section which is booking of air tickets. Product categories include:

Electronic

Generic items

Gifts items

Pharmacy

Travel agent

FMCG

FOODS

ARY Cash & Carry is different and unique store of shopping which include not only different product and only serve customer but to value their customer that why they offer different kids of discounts and schemes to make loyal customer. ARY GHAR-APNA shopping card is one of best example of it now it also introduce “SHAHULAT CARD” to make payment easy.

1.2 STATEMENT OF THE PROBLEM

Statement of problem is “upcoming challenges and opportunities of retailing in Pakistan (super market)”:

- To determine the key factors that stimulates a customer to buy from a particular supermarket instead of small and distributed retailer.
- The competitive strategies of big supermarkets in Karachi to attract customers.
- To find impact of time factor on customer shopping in supermarkets.
- To determine that is content and feature advertising are decreasing bargaining power of supermarkets.

1.3 SIGNIFICANCE OF THE STUDY

By the introduction of new trends of super market in Pakistan, trends of shopping changes due to highly competitive working environment and shortage of time and strong media create huge awareness among the customer which originate many new challenges and opportunities for super market. This study help retailers to overcome these challenges and make them there profitable opportunities.

1.4 SCOPE OF THE STUDY

This study based on those supermarkets which are dealing only in FMCG and general items. It covers middle & upper social classes of the Karachi whereas the people who are living below the poverty line (lower class) are not included in this study.

1.5 DELIMITATION

The research project is confined only to the area of Karachi. Although, there are many big super markets in Karachi but this study is covering only the three big super markets (related to daily consumables or household items) operating in the city i.e., Naheed Supermarket, Imtiaz Supermarket and ARY Cash & Carry.

There are certain factors, which can delimit my study regarding research on the above mentioned topic. The following can be seen as important factors:

- Response from customers.
- Response from owners and staff of super markets to disclose their private information.
- Time factor.
- Law & order situation of Karachi.

1.6 DEFINITIONS

Hutties: Small shops which provide very necessary daily use items to the villagers from available stores.

Coop: In late sixties, in Lahore, a super market chain with the name of COOP stores was introduced.

CSD: These are super store which were opened for government servant and defense force personal since independence, which are still functioning in cant areas.

Automatic Vending machines: It is machine which is very common aboard and international airports of Pakistan through which consumer can get any drinking and eating stuff present in machine by entering money/coin in it.

RESEARCH METHOD AND PROCEDURES

- RESEARCH DESIGN

- RESPONDENTS OF THE STUDY

- RESEARCH INSTRUMENT

- SOURCES OF DATA

- TREATMENT OF THE DATA

2.1 RESEARCH DESIGN

The methods for conducting this research are based on primary as well as secondary data. Primary data would be gathered by arranging structured and unstructured interviews and would analyze the findings of the research and will give meanings to the information collected through the course of research. The type of the study would be exploratory. Emphasis would also be given to secondary data that will be collected through internet, and magazines. Study would include the management of these supermarkets and responses from the customers as well this purpose my sample size would be 100. Out of these 5 people from each supermarket management and staffs which make total of 15 and rest 85 are from customers.

2.2 RESPONDENTS OF THE STUDY

The respondents of the study are management, staff of these super markets which will be interviewed to and customers which will help by filling questioners and helping to short out problems.

2.3 RESEARCH INSTRUMENT

Unstructured interviews as one of the instruments is aiming at the core concept of the study and would be used to collect primary data. These interviews will be taken personally by visiting the management of these supermarkets, observing and watching customer and their behavior toward the purchase.

Secondary data would be gathered through internet magazines and discussions with the management of supermarkets.

2.4 SOURCES OF DATA

As almost all the data collection methods have some basis associated with them, the data for the mentioned purpose would be collected from both primary and secondary sources. Primary data would be collected from unstructured and structured interviews whereas secondary data sources include magazines, internet, and research reports.

2.5 TREATMENT OF DATA

The data that will be gathered during the primary data collection would only be analyzed in to the verbal context that means the qualitative and not the numerical context. The statistical data collected from the special publications and the internet would be analyzed and interpreted during the course of the research report.

All secondary data that is qualitative has been presented in its original form because the gathered secondary data is pre analyzed and no further analysis is required.

REVIEW OF LITERATURE &
STUDIES

3.1 RELATED LITERATURE

- www.euromonitor.com/RetailinginPakistan
- www.marketresearch.com
- www.stores.org
- www.the-infoshop.com
- www.Deloitte.com/powerofretailing
- www.pakistaneconomist.com/Historyofretailinginpakistan
- www.businessworld.com/casestudy-businessworldgoestoretail.htm

A. LOCAL LITERATURE

- www.pakistaneconomist.com/Historyofretailinginpakistan

RETAILING — CONCEPTS AND PRACTICES

By Prof. MUHAMMAD WALI KHAN DURRANI

Assisted by Ms SAIMA KHALIL May 20 - June 02, 2002

Retailing is a specialized marketing activity. It comprises all business activities involved in the sale of goods and services, directly to the ultimate (final) consumer for personal, family, household or non-business use. Retailing is the last stage in a channel of distribution. "The ultimate objective of all marketing endeavours is to reach the ultimate consumer with the product he needs at the time he wants, at the price which suits him. Retailing augments in the achievement of this ultimate objective."

In general retailers perform four functions:

- a. They collect an assortment of products and services from a wide variety of suppliers and offer them for sale.
- b. They provide information to consumers, as well as to other channel members.
- c. They frequently store merchandise, mark prices on it and pay for items prior to, selling them to final consumers.
- d. They conclude transactions with the final consumers.

DYNAMIC NATURE OF RETAILING

The dynamic nature of retailing has never been demonstrated, experienced and seen better than now. Changes in environments — Economic, Political/Legal, Socio-cultural, Technological, Ethical and Competitive — within which retailers of all kinds must operate, force adjustments in policies, methods and managerial strategies.

The retailer has to be very familiar with the environmental factors. Also, he has to remain watchful of the continuous change taking place in the environments since the change in these factors has and will always have vital impact on survival, growth, profit making and ultimate success of the business. Therefore, as far as possible, all plans, objectives, strategies, policies have to be formulated and implemented, catering for and considering the changing environments.

THE INFLUENCING CHANGING ENVIRONMENTS

Economic, Political, Legal, Social, Cultural, Technological, Ethical and Competitive ENVIRONMENTS substantially influence the conduct of retail enterprises and for each factor, as already emphasized, the retailer not only has to be familiar with them but also has to keep a close watch on the likely changes which may occur. The following forces under each factor need consideration at all times.

a. ECONOMIC:

- 1) Basic Economic System
- 2) Economic Stability
- 3) Market Size
- 4) Social Overhead Capital
- 5) Personal Disposable Income
- 6) Distribution of Income
- 7) Inflation

b. POLITICAL/ LEGAL:

- 1) Political Stability
- 2) Political Organization
- 3) Relevant Legal Rules: Quality, efficiency and effectiveness of the legal structure in terms of general business law, labour law, tax law, laws relevant to business and General Law & Order.
- 4) Degree of Law enforcement and reliability.
- 5) Flexibility of Law and Legal Changes.

c. SOCIOLOGICAL- CULTURAL:

- 1) Over all population growth
- 2) Population growth in certain age groups
- 3) Class structure
- 4) Mobility of people and individual mobility
- 5) Suburban living
- 6) Culture
- 7) Different Groups (Ethnic, Linguistic, Political, Religion, Sect and Caste etc.)
- 8) Preferences, Biases, Prejudices and social values

d. TECHNOLOGICAL/ EDUCATIONAL/ MANAGERIAL

- 1) Industrialization
- 2) Literacy level
- 3) Attitude of people
- 4) Enhanced means of transport and communication
- 5) Scientific Discoveries

e. COMPETITIVE:

- 1) Number and Type of competitors
- 2) Strength of competitors
- 3) Size of Competitors

f. ETHICAL:

- 1) Integrity/Honesty of the Competitors
- 2) Integrity/Honesty of the people
- 3) Ethical conduct and values of people and workers

B. FOREIGN LITERATURE

- www.Deloitte.com/powerofretailing

Top Ten Issues Facing Global Retailers

1) THE GLOBAL ECONOMY SHIFTS GEARS

The world's leading retailers face a global economic environment that is about to shift gears. Until now, the US economy has been the engine of growth for the rest of the world. By running a large and growing current account deficit, the US has essentially fueled the rest of the world's output to satisfy its own growing consumption. Indeed, retail spending growth in the US remained relatively strong, even in the midst of an economic slowdown. In 2004, spending continued to strengthen, with the full year expected to be the best for retailers since 1999. Yet the global economy has reached a point at which it is clear that large deficits cannot go on. In order for the US to run large external deficits, the rest of the world must be comfortable in lending a large part of its savings to the US. Clearly this is no longer the case, as evidenced by the sharp drop in the value of the dollar in recent years. Therefore, in the coming years the US current account deficit will have to shrink. And as it does, growth in demand will have to shift from the US to elsewhere. In fact, this has already begun. Witness the massive increase in demand in China, rendering the Middle Kingdom an engine of growth for the rest of Asia. The process of shifting demand from the US to the rest of the world will necessarily entail a further decline in the value of the dollar, especially versus Asian currencies. This means that US inflationary pressures will accelerate, thereby leading to higher interest rates in the US. In Europe, it will mean a lower inflation and lower interest rate environment.

It will also mean a shift in the sources of European growth. Rather than rely on exports, Europe will become more dependent on the consumer; likewise for Asia. For the world's leading retailers, these changes will mean that faster retail sales growth opportunities will exist outside the US. Yet US retail assets, cheaper by virtue of a lower dollar, will become attractive acquisition targets for non-US retailers and other investors. The end of trade quotas on textiles and apparel in early 2005 will also likely have important implications for various countries. On the plus side, the elimination of

quotas will mean more efficient sourcing possibilities for retailers and lower prices or higher quality goods for consumers. On the negative side, however, various countries will likely experience declining production, which may impact local economies. A recent study by the World Trade Organization predicted that China and India would take 71 percent of the US apparel market. As a result, suppliers such as Mexico and Caribbean Basin countries would experience sharp declines, according to the report. Countries such as Bangladesh, Mauritius and Indonesia have also expressed concerns about the likely shifts in apparel production. Despite some regional imbalances, the global economy remains on track to record relatively healthy levels of growth over the next year or more. According to the Economist Intelligence Unit, worldwide GDP growth was estimated at 3.9 percent in 2003 and 4.9 percent in 2004. Growth rates for the next several years are expected to remain at or above 4 percent, which would continue to be an improvement over the 2.3 percent meager gain in 2001 and the 2.8 percent increase in 2002. A major concern is centered around high oil prices, which will likely continue to weigh on many consumers and businesses, although it will positively impact oil exporters.

2) MARKETING TO ONE IN A WORLD OF SIX BILLION

It's the epitome of the needle-in-a-haystack dilemma. With more than six billion global consumers, the complex challenge for retailers today is to efficiently locate, understand and serve those individuals who are most likely to purchase their products on an ongoing basis. Most retailers start out using demographics to better understand their current customers. Grouping or segmenting customers by attributes such as gender, region, generation and ethnic background helps retailers in many ways. Additional information such as home ownership or presence of children can also help retailers gain insight into customer behavior. While demographic information frequently needs to be supplemented with behavioral and attitudinal information, the basic demographic segmentation provides an important cornerstone on which to build a customer profile. Demographic segmentation, in fact, is a fundamental marketing tool. By parsing their current customer base, retailers come to better understand why certain consumers made the decision to choose them over some other retailer. The information can then be used for strategic business planning, including tailoring and honing merchandise assortments, setting up restaurant menus and providing the

appropriate service offerings. The information also is important to the complex task of developing effective customer relationship marketing (CRM) strategies. Mass marketing is no longer an effective way of reaching customers. Today one-to-one or one-to-some marketing allows for targeted marketing messages. As the industry's marketing spend continues to rise, it becomes all the more important to effectively target the correct demographic sectors that are most likely to be interested in the retailer's merchandise. Additionally, personalized marketing efforts help build lasting, more profitable relationships with customers. Demographic information also is helping retailers work closer with vendors. Increasingly retailers are sharing this important transaction information, thereby developing collaborative marketing partnerships with suppliers. Both sides benefit as a result. An understanding of demographic trends also is critical for helping retailers find the appropriate new customers. This is particularly true for companies looking to expand beyond their home base. Working off of the knowledge of which their current customers are, retailers can then seek out like-minded demographic segments around the globe. At a more granular level, demographic data plays a key role in site selection, either at home or abroad.

While overall demographic trends are slow to change, there remain important shifts that retailers around the world should be monitoring. For examples, comparisons across countries show varying growth rates in the different age-specific groups. India's population is very young; nearly 44 percent of its inhabitants currently are below 20 years of age. In contrast, only 19 percent of Italy's consumers are under 20 years old, while 18 percent are above 65 years of age. This latter percentage is one of the highest in the world. These two countries highlight the growth differences between many low-income and high income countries. By 2020, an estimated 35 percent of the population in the less developed countries will not have experienced their 20th birthday. In the more developed countries, the under-20 age groups will comprise only 22 percent of the total. Declining birth rates and longer life expectancies are dramatically impacting population growth trends in the developed countries. In the US, the share of the population over age 65 will increase to 21 percent by 2050 from 12 percent in 2000. Throughout Western economies, retailing is benefiting from the growth in nostalgia-related products. Customers are paying for memories from their past. In Japan, traditionally the land of savers, those 60 years of

age and older reportedly have about \$225,000 set aside for their retirement days. This figure, which is far above the average savings of US baby-boomers, is causing a sharp increase in marketing to Japanese seniors. Increasingly, companies are using older models and entertainment stars to market to these “silver spenders.” At the other end of the age spectrum, young adult shoppers often are attracted to a very different set of shopping venues than their parents were. Their preference for Internet shopping is an obvious example. Also, traditional supermarkets today are busy figuring out ways to attract younger consumers who instead are shopping at natural food stores and super centers. An understanding of the shifting demographic trends helps retailer’s better plan for their workforce costs. For example, one US trend that has implications for the retail workforce is the changing values among younger Generations X and Y -- those in their late teens to mid-30s. These workers are placing less emphasis on careers and more on family. They therefore are not as committed to their employers as many older generations. Layered on top of this phenomenon is the large portion of baby-boomers who will be retiring between 2008 and 2030. Combined, these demographic shifts suggest that companies might want to begin planning for alternative workplace rules such as flexible schedules and added time off to help retain valuable employees. Additionally, the aging population has implications for health care and health insurance costs for employers. Currently in the US, health-care expenditures for a 65-year-old are four times those for a 40-year-old. As Western populations continue to age, these rising health care costs have implications for both governments and businesses.

3) EMPOWERED CONSUMERS TAKE TO THE INTERNET

Where do you want to go today?” In the late 1990s it was the question asked to millions of computer users when they launched Microsoft’s Internet Explorer browser. Less than a decade later, consumers round the globe have come to appreciate the near-limitless number of retail destinations available to them through the click of a mouse. The personal empowerment that the Internet has bestowed on consumers has forever changed the retail world. Currently, there are an estimated 300 million active Internet users in the major developed countries and possibly as many as 600 million users globally. Among European Internet consumers, 42 percent reportedly are online

every single day. Additionally, Internet usage is quickly expanding in the developing world. China, for example, already has nearly 100 million Internet users.

While e-commerce first took off in the United States, other areas of the world are quickly catching up. By one estimate, online sales in Europe for the 2004 holiday season were expected to outpace those in the United States. Forrester Research reported in late 2004 that yearend holiday sales in Western Europe would likely reach €13 billion, compared with €10 billion in the US. Sales in the UK and Germany were expected to represent more than 60 percent of the total, although France and Spain were likely to experience some of the strongest increases. The growing accessibility of broadband is boosting online shopping. About 30 percent of US Internet households now have broadband connections. Ecommerce is also being supported by growth in mobile phones, wireless devices, rich content and multimedia messaging services. Online shopping is also being facilitated by the auction sites. The value of goods sold on eBay, the largest auction site, reportedly reached \$24 billion in 2003. That figure equates to the combined sales of the bottom 10 retailers on this year's list of the top 250 global retailers. Today, Internet-savvy consumers understand that they increasingly have the power to shop and buy on their own terms. One result of this growing trend is that consumers have a diminished sense of allegiance to brand, store and the overall shopping experience. A recent Deloitte survey found that nearly one-third of US consumers said they had an emotional connection to fewer "favorite" retailers than they did five years ago. The Internet both enhances and competes with the brick experience. One of the ways it enhances it is by allowing a retailer's full inventory to be available online when it can't always be available in the stores. It also facilitates the multichannel experience for shoppers, allowing them to order, buy and return in the most convenient venue. The Internet, however, also competes heavily with the brick-and-mortar experience.

Many consumers today excel in their ability to comparison shop on the Web. This phenomenon has created challenges for many retail groups. One example is US drug chains who are experiencing slower prescription drug sales as a result of consumers buying products in Canada or Mexico. Empowered consumers not only hunt around for the best prices and deals, they perform an incredible amount of product research online. One in five Sears customers reportedly buys in the store after researching the

product online. Today's Internet-enabled shopper is a very informed shopper. Not only are shoppers researching a particular retailer's own merchandising, they are comparing and contrasting across retailers. Retailers, as a result, have to find ways to differentiate themselves build stronger emotional connections with their customers and provide a more compelling shopping experience. Many are responding to the challenge. In an effort to develop closer relationships with its customers, Tesco now has the ability to create highly targeted promotions triggered by a shopper's unique search query at its website. It is the largest online grocer in the world, with over 70,000 orders per week, and it makes money at it. Neiman Marcus has deals with David Yurman, jewelry designer, and Salvatore Ferragamo, designer and manufacturer of shoes and fashion accessories, to develop co-branded shopping websites. Retailers generally are utilizing customer relationship management (CRM) strategies to create more satisfying shopping experiences. Fully-inventoried stores, optimized merchandise assortments, helpful website, opt-in email announcements, multichannel shopping ease, smoother checkout and supportive sales staff provide shoppers with a reason to shop a particular retailer. These attributes become particularly important in today's competitive retail world where transparent prices prevail. The more successful retailers are building a competitive advantage that keeps customers satisfied. Key to this success, however, is the sharing of relevant data metrics with suppliers to keep inventories, and thus profitability, at optimum levels.

4) THE RISK MANAGEMENT MANDATE

Looking back, the "irrational exuberance" of the late 1990s can be seen as the period that helped inspire a host of questionable practices in the corporate world. Early into the new century, numerous reports of accounting irregularities and corporate implosions led to the enactment of the Sarbanes-Oxley Act of 2002 in the US to help restore public trust. In Europe, the introduction of the International Financial Reporting Standards (IRFS) on January 1, 2005 is similarly changing the way that public companies operate. For retailers, these standards, in particular, are impacting revenue recognition and accounting for vendor rebates and allowances. The transition to the new method of reporting is proving to be very complex and is said to be straining many companies' IT staffs. These laws and others are viewed as improving corporate governance and helping to promote social, environmental and ethical

responsibility. Governments are also stepping up corporate scrutiny and regulatory compliance in areas such as anti-terrorism, age/race/sex discrimination, and health and safety. Increasingly, private citizens and activist groups are also monitoring corporate decisions and speaking out against those they deem to be objectionable or inequitable. In the US, several communities and organizations are fighting against the expansion of big box retailing. An environmental group in the UK is said to be pressing retailers to boycott certain imported wood products as a way of helping to preserve tropical forests. Kingfisher reportedly was one of the first UK retailers to reject the sale of tropical hardwoods. Retailers and manufacturers today are particularly aware of the implications of human rights issues at their overseas factories.

The International Association of Department Stores recently reaffirmed its campaign for global cooperation on ethical sourcing. Increasingly, retailers are monitoring the factories that deliver products to them. In 2004, Gap Inc. released a comprehensive report on its monitoring and enforcement of labor standards among its suppliers. Some retailers are suggesting creating an organization to serve as the central repository of this information, collected through a global ethical sourcing database. Increased corporate responsibility is also seen from the supermarkets in the US and Europe that are promoting healthier eating alternatives or creating organic private label foods. These initiatives are being undertaken partly in response to healthy eating concerns from the public. Similarly, jewelers are working to prevent the sale of conflict diamonds – those mined from or traded via countries involved in conflicts where profits from diamonds are used to sustain war. As a result of the heightened scrutiny of many businesses today, many organizations are seeking a more structured approach to managing enterprise risk and regulatory compliance. They are looking to minimize exposure to criminal liability and enhance public perceptions.

Companies are integrating risk management frameworks throughout the enterprise to help improve operational and financial integrity. Many retailers are creating senior management positions such as Kingfisher's Director of Corporate and Social Responsibility. Corporate responsibility is becoming central to the core business strategy.

Enterprise risk management practices are enabling the organization to assess risks on a continuous basis. The process helps identify the resources needed to overcome or mitigate risk and to provide reasonable assurance about the achievability of the organization's objectives. Retailers are approaching the exercise as an opportunity to improve their brand's success in the global marketplace. Organizations are starting to fully understand that strong ethics, good governance and reliable reporting benefit the company in the long run. A reassured investment climate often leads to enhanced shareholder value for the retailer. In the end, a company is judged by its financial success. And today that success comes from effective execution and management of risk. Corporate cultures that seek to minimize risk and reward accountability are often behind today's success stories.

5) STRENGTHENING THE SUPPLY CHAIN LINKS

Over the last decade there has been a fundamental shift in the way that products move from manufacturer to market. Collaborative efforts between suppliers and retailers have dramatically reduced the time that it takes for product to be placed on the shelves. Technology has been the major enabler in this supply chain transformation. Newer radio frequency identification (RFID) solutions are beginning to dramatically improve inventory management techniques. The technology marries microchips with radio antennas to foster easier tracking of inventory. The declining costs and enhanced capabilities of this technology have spurred major retailers such as Germany's Metro, the UK's Tesco and Wal-Mart in the US to request their suppliers to equip their pallets and cases with RFID tags. Some retailers have gone beyond Wal-Mart's mandate and are closely integrating the RFID technology into their store operations.

By 2006, RFID capabilities are expected to be widely used by retailers, distributors and suppliers. Long lead times are becoming a thing of the past. Fashion-apparel supply chains are just one of many retail segments that are becoming increasingly geared toward a high-speed, frequent delivery model employing RFID and collaborative planning. The technology can be particularly beneficial to "fast fashion" retailers. Zara, a Spanish specialty apparel retailer owned by Inditex Group, can quickly introduce 12,000 new stock items per year, due, in part, to its collaborative,

efficient supply chain. RFID improvements will continue to shorten the time to market. A recent Harvard Business Review article noted that retailers such as H&M, Mango and Zara have become Europe's most profitable apparel brands by building agility into every link of their supply chains. In addition to agility, the article noted that supply chains that are also adaptable and can align the interests of all the firms in the supply network provide their companies with a sustainable competitive advantage. European Union traceability legislation comes into force in January 2005. According to the regulation, "the traceability of food, feed, food-producing animals and any other substance intended to be, or expected to be, incorporated into a food or feed shall be established at all stages of production, processing and distribution." To address the issue of food traceability, retailers and packaged goods firms will be using RFID to meet traceability compliance deadlines. RFID and its associated EPC tags, or electronic product codes, are creating revolutionary opportunities for the retail industry. EPC global standards are being developed that will create uniform standards across countries.

Technology is also an important enabler for companies that are sourcing from overseas, particularly China. RFID and other programs that speed up the distribution process will benefit the growing number of retailers that look to distant low-cost countries to supply them with product. Widespread adoption of RFID reportedly could save companies tens of billions of dollars annually not just in pilferage, but also in improved supply chain efficiencies such as real-time tracking, safety monitoring and overall warehouse operations. On-time deliveries, inventory per store and even cost per piece are some of the metrics that retailers and suppliers will closely measure in the RFID-enabled world. Ultimately, improved supply chain management leads to increases in sales volumes, which improves profitability for vendors and retailers.

The Wireless Data Research Group predicts that the RFID market for hardware, software and services will increase by a 23 percent compound annual growth rate worldwide from more than \$1 billion in 2003 to about \$3 billion in 2007. According to research firm IDC, RFID spending for the US retail supply chain will grow from \$91.5 million in 2003 to nearly \$1.3 billion in 2008. Other technologies are also contributing to supply chain improvements. For example, AutoZone recently launched a collaborative transportation management program in order to improve the

flow of goods through its logistics network. In particular, average transit time decreased from one week to 1.5 days. The company is also initiating a voice-based logistics solution to maximize workforce effectiveness across many areas of warehousing operations.

Retailers today are demanding rapid product replacements from vendors based on real-time sales data. In this type of operating environment, it is critical that retailers and vendors work closely together by sharing information and processes. The benefits of RFID and other supply chain innovations will only be obtained after data synchronization processes have been put in place. It therefore is important for retailers and suppliers to develop standard data formats and information exchange protocols. The overload of detailed transactional data, however, remains problematic for many retailers and suppliers. The number of different data types within an organization adds to the complexity of the issue. Companies, however, are improving their data warehousing infrastructures to address these business intelligence imperatives.

Yet for all the current spending on innovative processes, research has shown that the majority of retailers' IT plans are not linked to business plans or tax strategies, even though the greatest return-on investment gains come from doing so. This integration is critical if retailers wish to truly maximize the operational benefits of these technologies.

6) RAPID INDUSTRY CHANGE

The constant state of flux in the retail world keeps many retailers feverishly planning to stay ahead of the game. By its nature, the industry is driven by newness, excitement and variability. It's what keeps customers excited and willing to buy. However, because of the fast pace of change, it doesn't take long for a retailer to fall behind. And when this happens, it's not always easy to regain momentum. Consumers are fickle. There's very little allegiance. Shoppers quickly are engaged by the latest sensation, fad or fashion. To stay on top, retailers need to be mindful of many aspects of the business – the competition, consumers, technology and their own operations. Take technology. The retail industry has been one of the major purchasers of technology over the last decade. According to IBM, the US retail industry now spends

about 2.1 percent of its sales a year on technology, up from 1.8 percent in 2001. In-store operations have become much more customer-centric. Improved supply chains now allow for rapid inventory replenishment. Real-time data exchanges between supplier and retail keep both sides instantly aware of purchase patterns and better prepared to respond to change. Technological gains will continue to increase dramatically over the next decade. As RFID implementation moves from the pallet to the product, stock outages will drop significantly. In-store productivity will be greatly enhanced. As mentioned earlier, technology is contributing to the rise in “fast fashion.” Several retailers in Europe excel in their ability to design, manufacture and stock the latest in disposable chic fashions that change almost weekly. Technology also allows these retailers to copy the latest designs from the haute couture world and sell them at a fraction of the price.

The world of e-tailing has undergone dramatic transformation in just five short years. Retail websites are much improved over the slow, user-unfriendly sites of the early years that had only limited product assortments. In fact, today many retailers make available on their Internet sites the many sizes, color and product variations that are too numerous to keep stocked in their stores. Thus, the websites often are used by their hard-to-fit clientele. This expansive inventory selection is creating strong loyalty among a segment of shoppers and helping to improve profitability for retailers. Today, many retailers that are experiencing only low-single-digit growth in their stores are benefiting from strong double-digit growth from their e-commerce efforts. Quarterly online sales in the US are increasing roughly 25 percent on a year-over-year basis for the last several years, according to government estimates. The trend is not expected to slow in the near future. Store-based retailing is also undergoing a score of changes. Channel blurring is particularly evident in the US, where products can now be purchased in numerous venues. The trend is most evident in commodity-type products such as food and office supplies. It also is impacting the sale of gift cards.

Any establishments today sell gift cards from other retailers. The one-stop-shopping convenience is attractive to many consumers, and as a result, retailers are continually adjusting their product lines. As the retail world continues to evolve, certain store venues are experiencing difficulty. In Europe, hypermarkets are experiencing increased competition from smaller formats such as supermarkets and even the hard

discounters. In the US, music stores are experiencing declining sales as consumers download songs from the Internet. The digital music market is one of the fastest growing segments in retailing today.

Retailers are also facing new competition from manufacturers opening up retail venues. Sony is said to be thinking of opening stores in the US. Less threatening is the trend from various upscale home electronics and appliance manufacturers opening “try me” stores. While the products generally are not available for purchase, they can be viewed and compared for their attributes. The emergence of China as an economic powerhouse is also contributing to the rapid pace of change in retailing.

China is fast becoming the manufacturer of choice, and the trend will likely strengthen as it continues to industrialize. The country’s rapid pace of income growth is also leading to an influx of foreign retailers.

Relative to consumers, they remain fickle and at times unfathomable to retailers. Ongoing changes in eating preferences, fads and lifestyles keep retailers on their toes. Today’s preference for extreme value is behind the growth in dollar and 100-yen stores in the US and Japan. Several retailers are also catering to the trend by offering extreme-value departments in their stores.

The latest concept in rapid-fire retailing in the US is the pop-up store. Retailers are setting up these temporary sites to accommodate periods of high seasonal demand. Successful retailers are adapting and evolving their strategies to compete in this rapidly changing retail landscape. While traditional retail concepts may be declining, the fundamentals of the industry remain. Retailers therefore need to be progressive, while staying focused on the brand and what it truly represents to their core customers.

7) DIFFERENTIATE. DIFFERENTIATE. DIFFERENTIATE

The most important mantra for retailers is no longer location, location, and location. In a retail world that's over stored, commoditized, price-sensitized, cross-shopped and ultra-competitive, differentiation becomes the important driver of success in the marketplace. While retailing was never solely about price, it's even less true today. Competing on price alone is a tough road to travel. Another retailer will eventually find a way to offer even lower prices. Retailers that do not create loyalty through a strong branding effort often find that consumers quickly migrate to stores that offer a more attractive value proposition. "Value" to consumers is many things. It includes attributes that often are hard to quantify. Consumers often want the retail experience to encompass some or all of the following: innovation, entertainment, service offerings, uniqueness, individuality, personal identity and life enhancement. For many consumers, retailing today isn't about the product, it's about the experience. Emotional connections are what many individuals crave today. A recent American Demographics article noted that brands aren't simply in the culture, they are the culture. It described how brands currently fulfill an important function in society: they have become the tools with which people construct their personal and social identities. Luxury retailers understand these consumer preferences better than most other segments. Additionally, the self-indulgent need of consumers helps explain the explosion in "masstige" retailing. Middleclass consumers are trading up, paying a premium for certain luxury items, while compensating by trading down in other areas. Prestige for the masses is creating numerous opportunities for retailers.

Importantly, companies that cater to luxury and masstige markets have some of the most loyal consumers in all of retail because of the brand connection. Successful retail differentiation is really all about branding. Building a powerful brand involves defining a brand strategy first, then aligning it with the company's goals and practices throughout the organization. Effective brand creation has everything to do with relationship building, consistency and trust. Good branding also comes from listening to consumers. Data mining existing customers' purchase habits provides valuable information to the branding effort. Customer relationship management (CRM) processes are also important in keeping the shopper engaged. Technology, as a result, has become an important enabler in retailers' goals toward differentiation. Strong

branding creates a more compelling, consistent experience for consumers. It involves the impeccable execution of in-store initiatives. It's keeping customers engaged through loyalty cards and appropriate service offerings. For some, it's extending the brand beyond their own store environment -- toy retailers setting up shop in supermarkets; food service companies moving into banks. It's offering private label products that are the envy of the national brands. It's teaming with the latest stars in the entertainment or fashion worlds to create excitement among shoppers. It's customizing the product. Most simply, it's satisfying an unmet need in the marketplace. Once a brand's reputation has been established, it is important that it be maintained. The retail world is littered with bankrupt companies who were unable or willing to keep their brand promise with their shoppers. At the end of the day, a differentiated, strong brand keeps consumers focused in a world of ever-increasing distractions. The top-of-mind recall that is created by successful branding improves the customer experience and ultimately drives the retailer's profitability.

8) PROVIDING A PREFERRED CUSTOMER EXPERIENCE

The proliferation of retail options today means that everyone is battling for a share of the consumer's wallet. Customer-facing and supply chain business processes are key to helping retailers provide a preferred customer experience. The traditional product-centric way of thinking has been supplanted by the interest in best practices around customer centricity. Retailers need to deliver products and services based on customer expectations. Technology can be a great facilitator in this regard, but it's not the only means by which the shopping experience can be enhanced. Simply providing friendly, helpful service often is one of the best methods of creating allegiance from shoppers. Retailers are also learning to attract and retain customers through relationship programs, direct marketing, loyalty schemes and customer magazines.

A preferred customer experience can be deployed on numerous levels. Customer-centric retailing involves demand management — maximizing merchandise options. This process, in part, is helpful for more accurately planning of seasonal sales periods. It also allows for better targeted marketing campaigns. By necessity, the experience entails having a responsive supply chain. It requires presenting a seamless brand experience to consumers across all channels, from the Web to the store. And,

importantly, it should involve the ongoing, rigorous analysis of customer purchase patterns. Enhanced customer segmentation and profiling are helping retailers achieve their goals. Technology solutions in use are enabling retailers to dissect customer buying data in ways that enhance customer awareness, product availability and customer-relevant promotions. This information allows retailers to make better strategic decisions and to generate more sales, while efficiently tracing results throughout the process. Data mining is allowing retailers to discover new trends and patterns of behavior that previously went unnoticed. As a result, they can respond faster to what customers are looking for. Tesco, Europe's second-largest retailer, actively uses information from its Clubcard loyalty program to spot trends and concerns among its shoppers. The card reportedly has led to a steady transformation of its marketing efforts. The program has also enabled Tesco to increase its share in non-food items. Insights from the program have dramatically improved the company's bottom line. Metro in Germany was one of the first retailers to tout the benefits of customer friendly, technology-enhanced retailing. More recently, Food Lion has unveiled a new store concept in North Carolina that also utilizes customer-centric technologies.

The store was created after two years of research and analysis of changing consumer preferences. Available technologies include personal scanners, interactive kiosks and information stations that provide a map with a dot identifying a product's location in the store. Wireless produce scales print out bar-coded tickets that customers can then scan. E-tailers were slow to catch on to the consumer-centric concept, but recently they have been excelling at it. Drugstore.com customers can personalize their shopping experiences with shopping lists, e-mail reminders for replenishing products and e-mail access to pharmacists and beauty experts for questions.

Amazon openly expresses its desire to be the Earth's most customer-centric company "where customers can find and discover anything they might want to buy online." Online customer satisfaction is particularly important to web-based retailers because shoppers can quickly move from one site to the next with a click of the mouse. A preferred customer experience means becoming more relevant to key shoppers, thereby turning them into long-term loyal customers. Visionary retailers therefore are aligning processes and technologies around the customer. By using business

intelligence software to stay connected with their shoppers, offering a rewarding shopping experience and consistently exceeding the expectations of their customers, these retailers are gaining a comparative advantage.

9) STRATEGIC EXECUTION

Best-in-class retailing encompasses myriad operational benchmarks. Instore execution is imperative to the process, but so are back-office efficiencies. Successful retailers are incorporating strategic business plans into their overall operational goals to maximize shareholder value. Importantly, they are also executing effectively against those plans. Once the retailer's strategic plans have been detailed, the company needs to be sure that the right metrics are being deployed to accomplish the stated goals and that the results are measured accurately. While there are many goals that can and should be aided by technology investments, IT alone is generally not sufficient to bring about the desired results. Processes and people are also important. In particular, strong sponsorship from executives helps ensure success, as does support and involvement from all staff levels. Management also should employ metrics that address accountability against the strategic goals of the firm. Additionally, cross-department projects need to be managed, particularly those between the marketing and IT groups. In a world where the consumer is in control, strategic execution across the organization's many levels becomes the standard for success.

Strategic execution can be difficult for retailers that source from and employ workers in multiple countries. It involves setting up global enterprises while remaining cognizant of local preferences. To improve execution, these companies are integrating workable global strategies that deploy global systems and provide all the tools and information necessary to execute effectively across geographic boundaries.

The benefits of strategic planning and execution include not only a more satisfied customer who drives stronger growth in sales; it also produces significant cost savings. Inventories, pricing decisions and human capital are three areas where strategic planning and execution provide large payoffs for retailers.

Supply chain execution, for example, has become critical to improved business performance. Companies are re-examining their approach to fulfillment and are finding more cost-effective ways to move products onto the shelves. A seamlessly integrated vendor/warehouse/transportation process becomes the benchmark for superior supply chain performance. Optimized merchandise assortment is another strategic goal that drives enhanced results for retailers. Companies are modifying their merchandising systems to enable them to send unique assortments of sizes and products to particular stores. Pricing optimization and markdown management tools are reducing the number and extent of markdowns. By matching supply with demand, gross margins are improved. Investments in human capital projects are increasingly being viewed as important for retailers. Optimizing the value of an organization's most critical asset — its people — has far-reaching implications for the company in terms of worker satisfaction, productivity and customer interface. Employee-performance management, succession planning, compensation, scheduling and labor management, and compliance with regulations around overtime, employee conduct and work conditions are areas where successful goal-setting and execution provide long-lasting rewards.

The strategic planning process encompasses creating and maintaining a set of goals, along with ongoing review and management. Retailers today understand that better planning, better management and better execution improve business value for years into the future. If strategic initiatives have not been put in place, a retailer can quickly lose focus. The cost of reversing years of underinvestment and inattention to detail can be insurmountable.

10) NEED TO GO GLOBAL

The globalization of retailing has been imminent for the past 15 years. It still is, but perhaps this time is different. Actually, the industry is today far more global than in the past. Yet it is nowhere near as global as many consumer product segments, nor as global as many pundits once expected. Particularly disappointing to some has been the slow movement of US retailers into the global arena. Many appear to have found sufficiently strong growth opportunities at home. The vastness of the US market combined with a relatively benign regulatory environment has been the principal

reason. European retailers, on the other hand, have been far more adventurous, first gaining multi-cultural experience across national boundaries within Europe, and then applying the lessons learned by investing globally. Today, a visit to modern shopping areas in emerging markets in Asia, Latin America or Eastern Europe will involve seeing many European retailers, but few Americans. Still, for retailers looking for countries of opportunity, both as suppliers and as sources of demand, several areas stand out.

Much of Asia is benefiting from China's dramatic growth. As noted earlier in this report, Japan's economy, in particular, has been pulled out of its slump partly because of strong growth in exports to China. Thus, as consumer demand strengthens in Asia, retailers will continue to gain advantage. China's strong economic growth has led to a rapid increase in the number of Middle-class consumers. More importantly, China is in the process of unleashing the retailing industry in line with commitments made at the time it joined the World Trade Organization (WTO). In December 2004, China eliminated most rules governing foreign investment in the retail sector. Henceforth, foreigners will not be required to seek local partners, will be able to have 100 percent ownership, will be able to source locally without restriction, and will be able to locate in any part of China they choose. Investment by global retailers has accelerated, with many integrating their Chinese sourcing operations with their local store operations. Notably, the preponderance of such investment is shifting from food and packaged goods toward non-food retailing such as apparel, furniture, and home improvement. This reflects the rising affluence of many Chinese in the big coastal cities. Already, 31 of the top 250 retailers are selling in China.

China is also improving the fortunes of various retailers by being a supplier of choice. The country's low labor costs continue to make it attractive. Ikea recently reported that 23 percent of everything it sells in the world is purchased and manufactured in China. It sees the share going as high as 30 percent over the next four or five years. Other global markets are attracting retail attention. These include the countries of central Europe, the Persian Gulf, and Southeast Asia. More recently, Russia's strong economic growth and paucity of regulatory restrictions has attracted such retail luminaries as Metro, Auchan, Ikea, and others. Central Europe is becoming attractive to retailers because of the area's solid levels of per capita spending and because of

various governments' easing of regulations and work rules. The region currently is growing faster than most of Latin America. The World Bank's Doing Business in 2005 report found that the region, which includes the Czech Republic, Poland and Hungary, includes some of the most "business friendly" nations in the world. Further, a United Nations survey of multinational companies showed that the Czech Republic and Poland ranked higher than any Western European or Latin American country in those companies' investment plans for the next five years. Finally, India looms large as the "next big thing" for retailing. India's billion consumers are finally experiencing rapid economic gains after a long period of modest growth compared to other Asian nations. Economic reforms, combined with strong foreign investment in India's business services sector, have created accelerated affluence in India's major cities. Not much has happened yet, especially given existing restrictions on foreign retail investment. Still, most observers expect the government to relax restrictions and for foreign giants to enter in big numbers later in this decade. The globalization of retail is inevitable. Currently, the 250 largest retailers sell in 5.5 countries, on average. Only five years prior, the average was 4.5 countries. The trend is even noticeable in the US. Five years ago, only one-third of US retailers sold outside of their home borders. In the latest list, 56 percent have stores in other countries.

As home markets continue to become saturated, retailers will continue to look elsewhere for growth opportunities. In 2004, merger and acquisition activity picked up in major markets, with many of the transactions involving retailers from different home countries. The trend will likely continue as companies seek additional ways to enhance shareholder value.

3.2 GAPS TO BE BRIDGED BY THIS STUDY

The main focus of this research is on the changing trend in retailing sector in Pakistan which was previously based on small, fragmented shops whose main focus on limited products, as it was not well managed way of conducting business that why there was no formal data and static figure available that's why this field was not focused now this research study is focus on to find different challenges and opportunities these new business venture face in this un formal business environment. Previously most shopping was done through small, fragmented shops which were mostly focus in certain categories of products and mainly focus on basic needs and limited varieties. Changing business environment world wide also impact Pakistan culture and new concept of supermarkets emerged which also brought many challenges and opportunities to newly born business. Focus of research is to find hidden challenges and opportunities which are emerges from this new trends of supermarket in Pakistan in order to make this business more customer attractive and profitable business as it is a global issue, that how one can find problem and solve them make them opportunities for them.

3.3 AREAS FOR FURTHER STUDIES

This report has find out the reasons that incite customers to shop from big supermarkets rather than small ones and, the problems that customers face at these supermarkets. This report has identified areas for further studies. Supermarket business is growing day by day and it offers lot of areas for students to conduct their research. Opportunity exists for new entrants in this area. Further research work can be done to find out what techniques entrepreneurs can use to attract large number of customers towards their supermarkets. Reasons why sales of small super stores are decreasing can also be examined and evaluated. Customers' buying behavior is also affected a lot by many other factors which can work as stimulus variable to effect customers, decision. Thus area to find out the effect of demographics, external environment and reference groups on consumers' buying motives also exist.

PRESENTATION ANALYSIS

4.1 ADVANTAGES OF BIG SUPERMARKETS AND DISADVANTAGES OF BIG SUPERMARKETS

The world's first famous supermarket was opened in the USA in 1912 and the idea soon spread to Europe and other countries. The shopping scene in Poland has also changed over the past ten years. Empty shelves and long lines are things of the past. Today trade is alive and very busy.

Shopping has become a part of our everyday life, of course some people love it and some do not. We have become witnesses of the growth of big stores and shopping centers.

All of them are beautifully decorated and are opened for the whole day and weekends. This enormous place has plenty advantages and disadvantages. It is designed in such a way that the shoppers have to go a certain route from the entrance to the cash point near exit. The customer is guided past all the most popular production display and thereby encouraged to buy items he would have forgotten to buy. You don't have to carry things but you just take a trolley. It is a very convenient way of shopping because you can choose the product you want from a large range and you have the possibility to get to know new products.

You are served in a very polite way and no one makes you hurry because other shoppers are waiting behind you. The variety of goods is so great that you are given time to decide what to choose. Supermarkets can be called "the all in one shop" because they offer products of every kind. There are departments specializing in: food for people and pets, clothes, tools, books and magazines, electronic equipment, souvenirs and many others. It is not only high - quality and good assortment which attracts people but also its lighting of high intensity and its clean and hygienic atmosphere with, as it was mentioned before, the possibility to do all your.

Shopping in one store:

Add to this an adjacent car park where you can wheel your trolley to your car, load your stuff in to your car boot and leave the basket or trolley nearby to be collected by the store attendant. In this way shopping becomes a pleasure instead of a chore. Supermarkets are convenient because they are self - service and apart from goods we can find there a restaurant, a cafe, and a special place for kids to play while their mother is shopping.

There is also a possibility to pay by cheque or a credit card and vouchers available if something goes wrong with your products, you simply show your receipt and you are given a new one or your money back.

Not to forget about sales and special offers such as "buy one get one free" or "two for the price of one" are always found there.

One the other hand shopping in supermarkets can be annoying because there is a big choice which can cause confusion.

People often buy unnecessary things because they seeing to have a good price and you buy things that to you did not plan to buy earlier. This is called impulse buying. Attractive packing and displays persuade people to buy things they do not actually need. For many of us the major disadvantage of shopping in supermarkets is that it is time consuming and it takes a while to gather and back.

Big stores are also quite dangerous for all small shops owned by private people. And those shops may be the only source of living of then.

To conclude supermarkets are great creatures and the more of them the better. It is a good way to spend your free time and relax shopping.

4.2 OPPORTUNITIES AND CHALLENGES FACED IN THIS RETAIL SETUP

The retail landscape has seen drastic changes in the last decade or two. In the old days, retail was dominated by small, local mom-and-pop stores (like the tiny neighborhood record store and the corner market), shopping malls, and traditional department stores (e.g., Mervyn's and Macy's) that acted as those malls' "anchors." There are still plenty of mom-and-pop stores, malls, and department stores around today, but they're dominated in the retail landscape by mass merchandisers (e.g., Wal-Mart and Target), discount clubs (e.g., Costco and Sam's Club), "category killers" (e.g., Home Depot, Barnes & Noble, and Staples), and specialty and online retailers (e.g., Coach, Amazon.com, and J. Crew).

SOME OF THE OPPORTUNITIES AND CHALLENGES OF WORLD WIDE RETAILERS ARE AS FOLLOWS:

BETTER RETAILING THROUGH BETTER DATA COLLECTION AND ANALYSIS:

One big technology trend in retail is the increasing collection and use of customer information to better predict consumer demand patterns, market to consumers more effectively, take a "scientific approach" to product pricing, and optimize supply chain efficiencies. IT departments at retailers are dealing with an increasing variety of technologies designed to help their employers better collect information from customers and better understand what the collected information means in terms of actions those retailers should take to increase profits.

For example, consider product pricing software. This relatively new type of software analyzes retailers' information about their customers to determine how products should best be priced so that they will move off the shelves while making retailers the most possible money.

RFID TECHNOLOGY:

The use of radio frequency identification (RFID) technology among retailers is increasing. RFID chips emit radio signals: When attached to products, they allow retailers to track inventory with a precision never before possible. More efficient supply chains and more effective inventory management are current benefits of the technology. In the past retailers always seemed to order products from vendors in quantities either too large or too small, and they could never be quite sure when they would run out of a given product. Today, thanks to RFID, retailers are able to pinpoint inventory levels for given products and order products from vendors only when they're really needed. And eventually, retailers plan to use RFID technology to do things such as transmit product information for consumers to view as they walk around a store and change the prices of products already on the shelves instantaneously.

SELF-SERVICE:

Bigger retailers are starting to include self-serve checkout lanes in their stores. Consumers who aren't afraid of technology—an increasing percentage of the population, these days—like these self-serve lanes because they usually have shorter lines than lanes with register clerks. Register clerks may think they like self-serve lanes, too, because they mean fewer customers to deal with, but they're probably going to change their minds when self-serve lanes start resulting in fewer full-serve lanes—and fewer jobs for register clerks.

E-TAILERS:

While most retailers have online storefronts, strictly online purveyors with no bricks-and-mortar counterparts are hoping to snare a percentage of the retail profit. And major players, such as Amazon.com, have generated enough business to cause top brick-and-mortar competitors to follow up with their own Internet sites. Traditional retailers such as Wal-Mart and Starbucks, hugely successful in their own right, have also set up online stores so as not to miss out on the revenue opportunities that the Internet offers.

LIMITED TARGET MARKET:

Problem with supermarket is that they are not able to tackle all classes people as they are doing in west and other parts of world because survey result shows that concept about supermarket in lower middle class is a luxurious place to shop by spending more on product which is available at cheaper price.

Most of street retailer are offered door step delivery of basic need product which people prefer and also they can purchase on credit and pay at the end of month.

IMPULSE BUYING:

Supermarket is full of variety of product which make consumer to purchaser even that product which are not needed but impulse buying increase revenue of supermarkets ,so super markets most introduce different strategies in order to promote impulse buying .

4.3 PAKISTAN RETAILING PERSPECTIVE:

As long as Pakistan's infrastructure is not developed, as long as the supply chain is not properly taken care of, the large market that everybody is talking about will not grow, according to the experts.

"Pakistan's middle class may grow, their per capita income may grow, albeit slowly, but what holds key is the growth of the supply chain".

Retail business can only be beneficial to the country and the people, as it is the largest provider of employment locally. But it was observed that the 'winds of change' are blowing only very slowly in Pakistan and Pakistan is one of the least developed retail markets in the world.

Pakistan is behind in terms of development, structure and organization. This is reflected in the large number of retailers: Pakistan's number of retail businesses totaled around 2.2 million in 2003, with a total number of outlets of around 2.4 million. With the emergence of new technology and new method of business there also occurs change in the retailing business in Pakistan.

There is only a handful of large retailers (about 66 mixed retailing businesses in 2003), and even those tend to operate only at a regional level. Unlike in developed countries, kiosks and mobile units are very common in Pakistan. However, supermarkets, a new concept in Pakistan, are gaining popularity in the urban areas, and are the fastest growing type outlet, albeit from a very small base.

Retailing employs around 4.43 million people (i-e on average around two employees per business), and makes up around 11% of total official employment. Most retail businesses are family owned, and these mostly run general stores or small specialist shops.

Unfortunately, retailing is not considered as a business or industry by the Pakistan government. It is not even taught in any of the business schools in Pakistan (recently trend changes). Added to all this is the poor infrastructure and expensive supply chain experts concluded that unless there is a partnership between the government and the retailer, retail market in Pakistan would not grow as fast as everybody wants it to grow. "And the real big player in the retail field will be those who understand the possibilities." There are lots of other issue which are hurdle in growth of supermarket business which include law order situation ,customer perception ,social classes ,centuries old traditional system of shopping and most important awareness about these new changes.

4.4 INTERVIEWS

NAHEED SUPER MARKET:

MANAGEMENT/OWNER:

When Mr. Munsub Abrar, son of the owner, was interviewed, he told that Naheed supermarket was founded in 1971. Since then, they are providing high quality items to its customers. Customer prefers to shop at Naheed because they regard their customers' satisfaction as their most important operating criteria. He said that one cannot make a customer pull out his/her credit card, but you can certainly help him/her in coming to a decision by setting the right price, the retail location, and the level of advertising and even product attributes such as color or perceived quality. The store has a variety of splendid products/ items both foreign and locally manufactured. They do not charge higher prices than the market for locally manufactured products but on imported products their profit margin is a bit higher. The placement of the products in their store is such that they have placed the most favored/purchased and the most profitable products visible so that it would be able to catch the customers' attention. The factors they mentioned, that directly effect the sales are competitor's strategies. They do their promotion by arranging social events and they also conduct time to time survey in order to get customers' point of view about their supermarket.

The reason which they have defined that causes customers to shop at their store is first of all their location. The store is situated in almost center of the city so in this way everybody can easily reach there. Apart from that, they also provide their customers with high quality items at reasonable prices and product verities. Also, their sale representatives are highly courteous.

According to him the competitive edge is the service, environment and product varieties they offer to customers. He was very hopeful that there is huge space and charm for super market business in Pakistan and there are still many things to do to attract more customers and create loyalty.

His answer about the challenges in future is that there are many challenges which include e-retailing, bargaining powers of brand and feature advertising and company

now outlet and he also added that the main problem is the law and order situation in the city which is not completely suitable for the any sort of business .When asked about their vision and what upcoming opportunities they said that they want to retain their customers by providing them with high quality and lower prices. They are also planning to introduce some new promotional schemes through television and their website under construction, they see themselves more successful and more demanding five years from now.

STAFF:

CASH COUNTER

When one of cash counter staff interviewed “why customer shop at your super market” he replied “we have sales force of highly skilled and informative staff who have knowledge about products and that we provide quality products and environment which attract customer to shop at our supermarket and his reply about challenges and opportunities was that with time new technologies are emerging that should be adopted and there should be a proper record of customer and products in order to take any decision.

SALES STAFF 1

He said that it is very common in supermarkets that customers feel difficulty to find various products, when we help them out they feel that they are valued customer, this is the thing they like most about our super market. When he asked about time factor he said most of the customers here do not visit just for time factor but they find variety of products and comfortable environment.

When asked about competitors’ edge he said it is our motivated and well informed sales force. On question that what opportunities you can see in future he replied that it will be difficult for him to answer but according to his point of view there should be more insentive schemes to attract more customers.

SALES STAFF 2

When he was asked that what are the challenges for supermarket business, he replied that they mostly asked for more product varieties and demand for those products which were advertise on media, he said feature advertise create problem for them when ever we offer them some thing new they start asking for there feature and contents.

SALES STAFF 3

When he was asked about customers he replied that they are mostly from upper middle class and from neighbor, he said according to his point of view he didn't find customers from lower class frequently visiting shop but once in a blue moon.

IMTIAZ SUPER MARKET:

MANAGEMENT/OWNER:

At Imtiaz Super market, Mr. Mehtab Hussain Abbasi, was interviewed. He told us that they are offering high quality at lower rates to its customers. He said that in order to facilitate customers of Imtiaz supermarket, they opened their second outlet at Awami Markaz and now it is offering a large range of products to its customers. The quantity and variety of product is decided on the basis of the customers' demands and prevailing market conditions. They told that their target market is middle and upper middle class people. The store atmosphere at Awami Markaz is very calm and peaceful with proper air-conditioning and heating systems. The factors that directly affect their sales are strikes and competitive strategies of other local super stores. They said that their main sources of promotion are their current customers and the prices which are somewhat lower than other big supermarkets in Karachi.

When asked about the reasons about the visit of customers to their stores, they said that it is mainly because of their high quality products. Apart from that all the time availability of products is also their strength and their location and timely service are shining start of there services.

The most important problem that customers face there is that of parking. Apart from that, the small moving space between the shelves makes it difficult for customers to do shopping easily. They said that they are trying their level best to make some strategies to solve these kinds of problems.

When he was asked about which way to compete is better make race with competitor or to introduce new feature that attract customer, he replied that from first day our main mission is to make our customer satisfied and loyal by providing them a excellence shopping experience. They are also planning to make strategies to enter in to low income market because it consists of huge number of people.

They said that in future they are trying to do more extensions and planning to open more branches country wide, and they want to have a chain of Imtiaz supermarket and want to see it as one of the leading supermarkets in Pakistan.

STAFF:

CASH COUNTER

When he was asked about why customer shop at your super market, his reply was that because we offer quality products at lower price and our location is very attractive, most of people come to visit AWAMI MARKAZ for different purpose also at least they do window shopping at first visit and when they find out that we offer quality product at low price then chances of next visit become higher.

SALES STAFF 1

When he asked that how you promote your supermarket image, he replied it was strongly promoted by itself when office of NADRA opened at the AWAMI MARKAZ, he further said that customers are our valuable assets & we feel privilege to serve them at our best potential.

SALES STAFF 2

When he asked about which type of customers often visit supermarket, he replied that most are from upper middle class and mostly are officers, business man and house wife which have their own source of transportation.

His reply on question that why middle class or lower middle class do not visit their market he replied that according to his point of view they think that supermarkets are expensive and inconvenience because you need to travel to get at supermarkets, according to him they prefer to shop at near by store.

SALE STAFF 3

His answer on question that are you hopeful for the future of supermarkets in Pakistan, he said it needs work and research in this sector, we need to change perception of people that supermarket are not for limited class but for all of us and it is convenience way of doing shopping at very comfortable environment.

ARY CASH & CARRY:

MANAGEMENT/OWNER:

When Mr. Syed Mohsin Raza of ARY Cash & Carry was interviewed, he told us that their main emphasis is on customer satisfaction, as depicted by most of their strategies. They said that they offer a large range of products that are of high quality. They also offer limited warranties on the products, and they also have a return policy i.e. if the customer is not satisfied with the product's quality he or she can return it in a specific time period. When asked about their profit margin, they told that it is from 10%-15% on local items and 20%-30% on imported items. Their target market is middle, upper middle and upper class.

Their promotional schemes are very strong and perhaps their major strength because of their secondary leverages ARY DIGITAL NETWORK. They are offering Exclusive memberships cards and ARY ghar apna shopping card scheme. Apart from that, they also organize game shows which are telecasted on ARY digital. Their competition criteria are their highly organized promotional schemes.

The reasons why customers visit Cash & Carry is due to its environment and the different game shows that they provide to their customers. They also think that upper class visit their store because, they regard it as a status symbol and apart from that customers' make images in their mind that high priced products and products available at big supermarkets are always of high standards and quality. They always handle customer complaints in a very courteous manner. The main problem he mentioned law and order which need to be solved permanently and there sales decrease due to feature advertising.

The problems that customers face at their store are mainly because of parking. As it is the busiest road on which the shop is located, parking is really a very big problem. Cash & Carry also have Brand partners such as Junaid jamshed, Rose beauty Parlour, Maan Travel, Swatch Watches, Cotton and cotton Khi, UBL (united bank limited) and try to build more partner and . They said that since the foundation of ARY Cash & Carry, they have made considerable developments and same they expect in the future. They are planning to start Door to Door Delivery services soon and will try to

stand as the best Supermarket in Pakistan ,they will try to also capture low income market but now still they need to stable them self in existing market.

STAFF:

CASH COUNTER

When she was asked that why customer prefer to shop at ARY Cash & Carry, she replied that the main factors which attract is our secondary leverage which is ARY digital network and other advertisements, different incentive offers to attract customers and our trained staff who guide customers to enjoy a wonderful shopping experience .

About future opportunities she replied that yes there are many opportunities for us which include door to door delivery and telephonic orders which can be paid by SAHULAT cards.

SALES STAFF 1

He said that most of our customers consider shopping in our store because they feel it as symbol of status because we have international shopping network at U.A.E and U.K which make us a standard supermarket.

SALES STAFF 2

She said that the main thing we target is our customers and we need to know what competitors are doing. To us customer satisfaction is every thing, we have most customers who are status conscious but in fact concept of super markets is a place to shop every thing under one roof but people still shop by old methods (small shops) which hopefully change but required time.

SALES STAFF 3

He said that main problem our supermarket is facing security and law & order, according to him although management make efforts to provide security to our customers but we are not able to do it for every customer out side the market.

4.5 FINDINGS

FROM INTERVIEWS:

According to interviews conducted from the owners/managers and staffs of the three big supermarkets in Karachi, following facts have been found:

- These super markets mostly visited by upper middle class and above, which is against the theme of supermarkets i.e. shopping place for everyone.
- These supermarkets have all kind of daily household products and availability of all the things under one roof has been there major strength in attracting customers. As customers love to buy all the things just by stopping at one place only.
- Their prices are reasonable as compare to their environment, which is peaceful and calm but the misconception of supermarkets in general is that they are expensive and for limited class.
- Supermarkets Naheed & Imtiaz do not use very strong promotional schemes, and their customers are their main source of promotion. ARY cash & carry got strong secondary leverage and do strong promotional activities.
- Trends of general public are still focus on traditional method of shopping and it takes time to accept this pattern of shopping.
- To work more effectively and efficiently they need to have proper data of customer and their shopping behavior.
- New and modern technology need to adopt in order to work more effective manner.
- Other competitive forces like feature advertisements and law & order situations are big problems which needs to be solved.

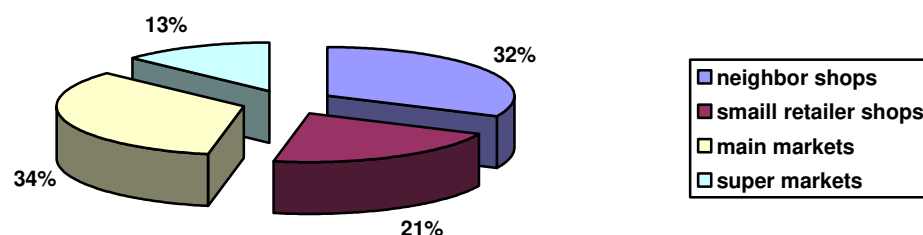
4.6 ANALYSIS

Q.1 Where do you shop mostly for your daily need products?

- ___ neighbor shops
- ___ small retailer shops
- ___ main markets
- ___ super markets

TABLE

	Frequency of Respondents	Percentage
neighbor shops	27	32%
small retailer shops	18	21%
main markets	29	34%
super markets	11	13%
Total	85	100%



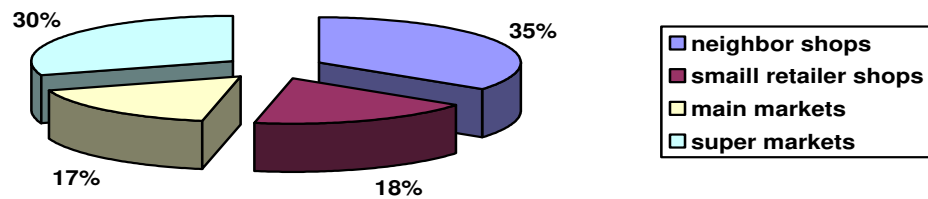
32% of the respondents prefer neighbor shops for purchase of daily need products, whereas **21%** of respondents do shopping from small retailer shops, **34%** of the respondents goes to main markets and **13%** of the respondents prefer to shop from super markets for their daily product needs.

Q.2 Which way of shopping is more convenient?

- ___ neighbor shops
- ___ small retailer shops
- ___ main markets
- ___ super markets

TABLE

	Frequency of Respondents	Percentage
neighbor shops	30	35%
small retailer shops	15	18%
main markets	14	17%
super markets	26	30%
Total	85	100%



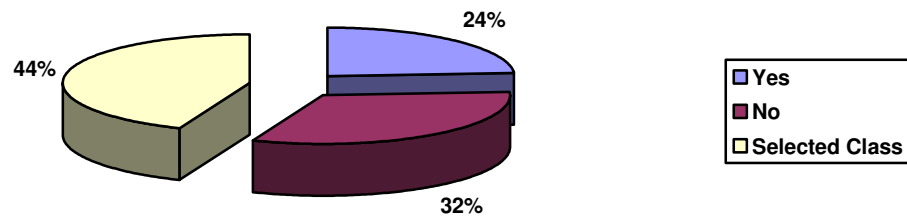
35% of the respondents believe that neighbor shops are more convenient for purchase of daily need products, whereas **18%** of respondents says that small retailer shops are more convenient, **17%** of the respondents feel convenience to shop from main markets and remaining **30%** of the respondents believe that super markets are more convenient to shop.

Q.3 Does every social class person like to shop in super market?

- ___yes
- ___no
- ___selected class

TABLE

	Frequency of Respondents	Percentage
Yes	20	24%
No	28	32%
Selected Class	37	44%
Total	85	100%



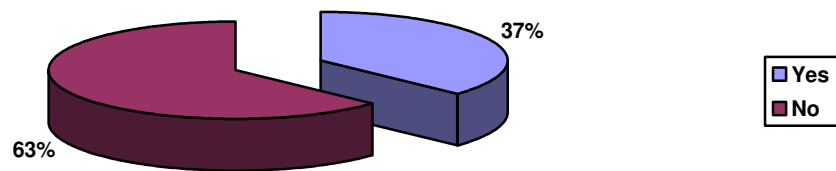
When asked that does every social class person like to shop in supermarket, **24%** of the respondents answered in affirmative, where as other **32%** replied in negative. On the other hand, **44%** of the respondent believes that only selected class shops in the super markets.

Q.4 Did you ever visit any supermarket in Karachi?

___yes
___no

TABLE

	Frequency of Respondents	Percentage
Yes	32	37%
No	53	63%
Total	85	100%



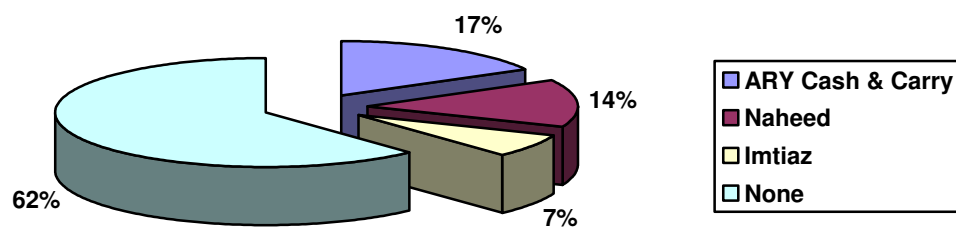
37% of the respondents answered in affirmative, where as remaining **63%** replied in negative when asked if they ever visit any supermarket in Karachi.

Q.5 Which super market you visit most?

- ___ ARY Cash & Carry
- ___ Naheed
- ___ Imtiaz
- ___ None

TABLE

	Frequency of Respondents	Percentage
ARY Cash & Carry	14	17%
Naheed	12	14%
Imtiaz	06	07%
None	53	62%
Total	85	100%



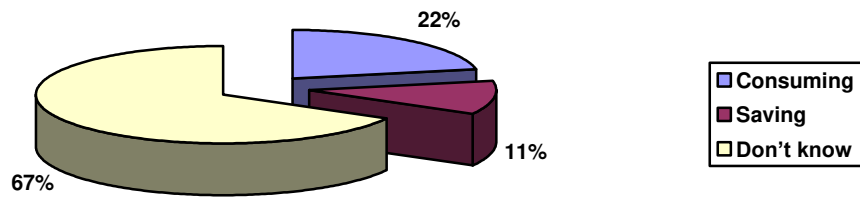
Out of 37% of the respondents, 17% shops from ARY Cash & Carry, 14% of the respondents go to Naheed and only 7% shops from Imtiaz. Whereas remaining 62% doesn't ever visit any super market.

Q.6 To shop in supermarket is time?

- ___ consuming
- ___ saving
- ___ don't know

TABLE

	Frequency of Respondents	Percentage
Consuming	19	22%
Saving	09	11%
Don't know	57	67%
Total	85	100%



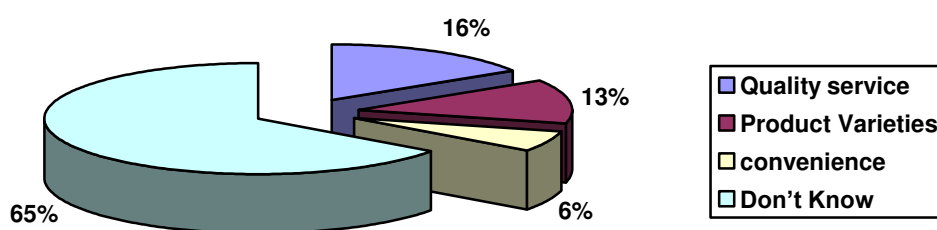
When respondents asked that whether shopping in super markets is time consuming or time saving, **22%** believes that it is time consuming, other **11%** answered that it is time saving, whereas remaining **67%** of the respondents have no idea about time factor.

Q.7 Which factor influence you most to shop in super markets

- ___ quality service
- ___ product varieties
- ___ convenience
- ___ don't know

TABLE

	Frequency of Respondents	Percentage
Quality service	13	16%
Product Varieties	11	13%
convenience	05	06%
Don't know	56	65%
Total	85	100%



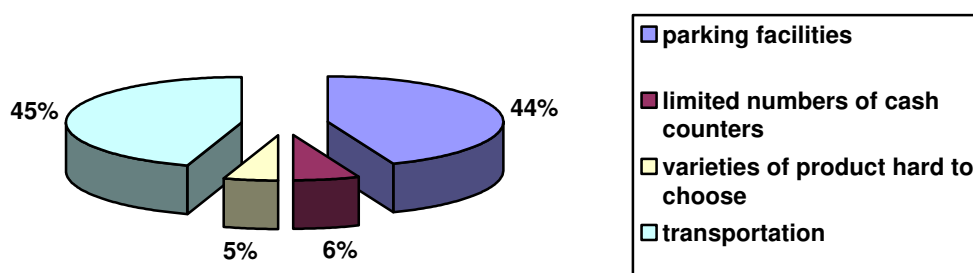
To **16%** of the respondents, quality service is the factor which influence them most while shopping in super markets, **13%** influenced by product varieties and only **6%** feel convenience shopping from supermarkets. Other **65%** of the respondents have no idea about the influencing factor.

Q.8 Which problem do you face while visiting super markets?

- ___ parking facilities
- ___ limited numbers of cash counters
- ___ varieties of product hard to choose
- ___ transportation

TABLE

	Frequency of Respondents	Percentage
parking facilities	37	44%
limited numbers of cash counters	05	06%
varieties of product hard to choose	04	05%
Transportation	39	45%
Total	85	100%



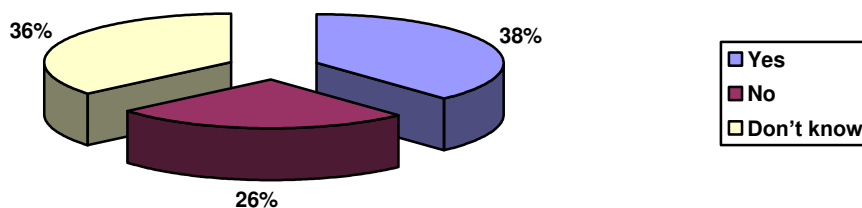
Parking facility is the problem for **44%** of the respondents, **6%** of the respondents face the problem of limited number of cash counters, **5%** are those who have problems in selecting the specific product and transportation is the major problem for remaining **45%** of the respondents.

Q.9 Do you think supermarket business will grow in Pakistan?

- ___yes
- ___no
- ___don't know

TABLE

	Frequency of Respondents	Percentage
Yes	32	38%
No	22	26%
Don't know	31	36%
Total	85	100%



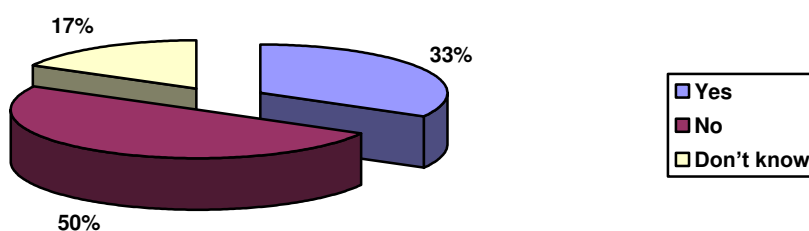
38% of the respondents believe that supermarket business will grow in Pakistan whereas **26%** are those who deny this fact and remaining **36%** are those who have no idea about the prospective growth of the supermarkets.

Q.10 Do you think traditional way of shopping is changing in Pakistan?

- ___yes
- ___no
- ___don't know

TABLE

	Frequency of Respondents	Percentage
Yes	28	33%
No	43	50%
Don't know	14	17%
Total	85	100%



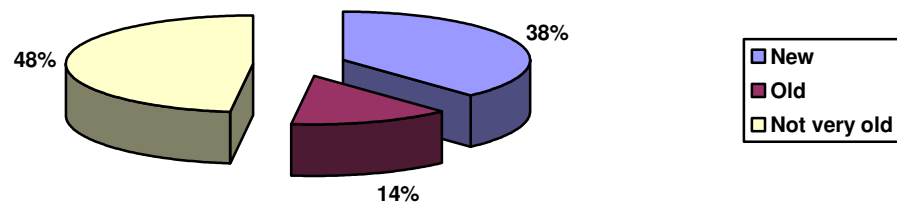
33% of the respondents think that traditional way of shopping is changing in Pakistan, whereas **50%** of the respondents believe that there is no change in the traditional way of shopping and remaining **17%** are those who don't have any idea about the changing patterns.

Q.11 According to your point of view, concept of super market is

- ___ new
- ___ old
- ___ not very old

TABLE

	Frequency of Respondents	Percentage
New	32	38%
Old	12	14%
Not Very Old	41	48%
Total	85	100%



According to the view of **38%** of the respondents, super market is a new concept for shopping in Pakistan, very few i.e. **14%** of the respondents considers it as an old concept whereas **48%** says that this concept is not very old.

4.7 FINDINGS

FROM QUESTIONNAIRES (CUSTOMERS):

According to the survey conducted from the customers (sample size: 85) from different shopping areas including Gulistan-e-Johar, Shahra-e-Faisal, Saddar and Nazimabad, the following facts have been found:

- Only **13%** of the respondents said that they visit big supermarkets for shopping which shows that concept of supermarkets is not generally accepted for shopping, whereas, **87 %** of the respondents still prefers to shop from other sources.
- Response shows that **35%** of the customers feel convenience to shop from neighborhood and it also shows that **30%** believe that shopping at super market might be convenient but at the same time they also perceive that super markets are expensive.
- **44%** of the respondents believe that people who visit super markets are from selected class.
- **17%** of the respondents who visit super markets say that they prefer to shop from ARY Cash & Carry because of their extensive advertisements and offer which is their competitive edge.
- When respondents were asked to rank the reasons that incite them to do shopping from big supermarkets, **16%** of the respondents ranked the quality service as the top most reason, **13%** ranked product varieties on top of the list, **6%** were of the view that these markets offer them convenience and remaining **65%** are those who do not shop from supermarkets but from traditional sources.
- **44%** of the respondents who visit supermarkets argued that the main problem they face while shopping from super markets is the limited parking area.
- **38%** of the respondents believe that the supermarket business will grow in Pakistan but the growth rate will not be so fast and it will face difficulties to convince customers to switch from traditional way of shopping as it has been proved from the findings that people still believe in traditional way of shopping.

SUMMARY OF FINDINGS,
CONCLUSION,
RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

The study shows that supermarket although a new trend in Pakistan, new in a sense that it is only accepted by limited class but it is moving toward acceptable pattern of shopping, for the purchase of daily need products. It is still limited till now and many customer still believe in old method of shopping through separated retailers, which are according to them is convenient way of shopping.

As shopping in supermarket is a new trend in Pakistan, so there are many challenges as well as many opportunities for this segment of retailing. But in the present scenario challenges are more, which needs to overcome in order to survive in this complex situation. Most important challenges that they are facing now are; selected class of people prefer to shop in this type of stores. Another challenge for this retail sector is to create awareness among consumer that these big super markets are not expensive and they are not for limited class.

The other reason is that small retailers, other competitive forces and law order situation are creating hurdle in smooth prosperous of the newly trend of retailing. They are also welcomed by many opportunities which brought confidence in them, many customer trust them for quality service, product and convenience while they shopping in these supermarket. In these shopping centers customer experienced outclass services. By availability of products under one roof and have good product assortment create opportunity for the retailers that the one consumer can spent less time for shopping, so there is less chance of clutter in the store.

5.2 CONCLUSION

Customer's preferences are changing day by day due to enhanced level of awareness created by electronic media. Their preferences are highly influenced by their lifestyles, attitudes, educational level and income. In order to attract the target market in any segment, managers must know about the overall characteristic of the target market. Only then, there is a possibility of success in any area. Same is the case with big supermarkets in Karachi. Being big is just not the only plus point of these supermarkets, rather there are some other factors that contributes a lot in attracting their target market. These factors are their good location, good customer service, dependability, availability of all the things under one roof, quality etc.

These supermarkets are not only beneficial for customers but they also poses customers to various problems such as parking problems, over crowdedness, fewer number of cash counters etc. These problems should be judged and analyzed properly and should be solved as early as possible, because customers are more aware of their importance these days and they know the ways out. The real scenario in front of us is that supermarkets are in growth stage so they must solve these problems and make their selves more and more customer oriented so that they can retain their customers as well as attract new customers. So, if these supermarkets will not be successful in solving these problems, the customers will move towards other sources of shopping.

Thus, we can say that good prospects and opportunities exist for new entrants, to open their supermarkets which can provide customers with better facilities and try to eradicate and solve their problems.

5.3 RECOMMENDATIONS

After conducting the research and analyzing the data, following things can be recommend both to the current supermarkets to improve their conditions and to the new entrants who want to open a new supermarket.

RECOMMENDATIONS TO IMPROVE THE EXISTING CONDITION OF SUPERMARKETS:

- These supermarkets should conduct market survey from time to time, in order to know and grasp the problems that customers are facing and to find out and avail the opportunities that are existing for them.
- Parking space should be expanded by buying out the nearby area and parking valets should be hired in order to help customers in parking their vehicles, proper arrangements should be made to handle the peak times.
- Re arrangement of products and shelves are to be made from time to time, in order to give a feeling of change to customers and to solve the problem of narrow moving area in the supermarkets.
- These supermarkets should open an online outlet on the internet to provide its customers with the facility of shopping by sitting at their homes, as it has been in practice in foreign countries.
- These supermarkets should emphasize more on promotional activities by arranging social events, introducing game shows and advertisements.
- Services should be introduced such as:
 - Home Delivery.
 - Facilitating telephone orders.
- Customers' safety should be given priority by making proper arrangements to safe customers in the event of emergency. More emergency exit doors

should be made and proper guidance to customers in the form of instruction boards to be made.

- These supermarkets should increase the number of their employees, in order to guide their customers in a better way and handle peak times. Apart from that, they should also introduce scanners and automated systems at their cash counters to ensure speedy and reliable data entry.
- The supermarkets should adopt new technologies plus gather and interpret customers and product data in order to perform more effectively.

RECOMMENDATIONS FOR NEW ENTRANCE:

From survey it was observed that there is a big opportunity exists for the entrepreneurs in this area for this they must follow following recommendations:

- Proper survey should be made before entering the market in order to know the preferences of customers and their problems.
- The supermarket should have all those features and facilities that existing supermarket are offered to its customers. Apart from that, they should adopt new and advance method of retailing and they should make underground parking area and spacious walking area in their store.
- The promotional schemes should be strong enough as to attract the large number of their target market. The promotional schemes should start at least one month before the opening of the store.
- As there had not been online food mart in Karachi, the new entrants should make use of this opportunity by opening online supermarket.