

Teaching Case Study : Sustaining the Lawande Super Store amidst growing Competition

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Aim

To analyze the scope of sustaining a super market alongside new entrants and growing competition in the retail market.

Objectives of study

- To study the current strategy of Lawande Supermarket
- To gain understanding of the challenges in retail with special reference to super markets

Methodology

Primary data has been acquired by personally interviewing the owner of the super market and the family currently running the business. Other necessary information has been obtained from some regular customers of the store along with some assistance from past case studies. Usage of internet has also been done for extracting some important data.

Synopsis

In determining the degree of competitive rivalry in the retail industry, a basic consideration is market saturation. The retail services market is slowly getting saturated. As a result, Lawande Super Store faces competition that warrants strategies and tactics that we can build upon the company's strength. The case investigates the effects of competition a super store based in Goa namely Lawande Super Store faced and how they came up shining victorious taking into consideration the seasonal nature of the sector in a tourist rich state like Goa. The impact of supermarket entry is unequivocal for groceries, bakeries, fresh fruit and vegetable shops, cold meat/butcher shops.

Intended Audience

This case provides a general overview of a small business and is suited for the study of graduates' students specializing in Entrepreneurship. It gives the students an insight into the working of super market and how one should go about in times of crisis and challenges them to think strategically about the next steps for the business as it pertains to future directions and succession planning.

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The case can also be used in Strategy course or Research Methods course.

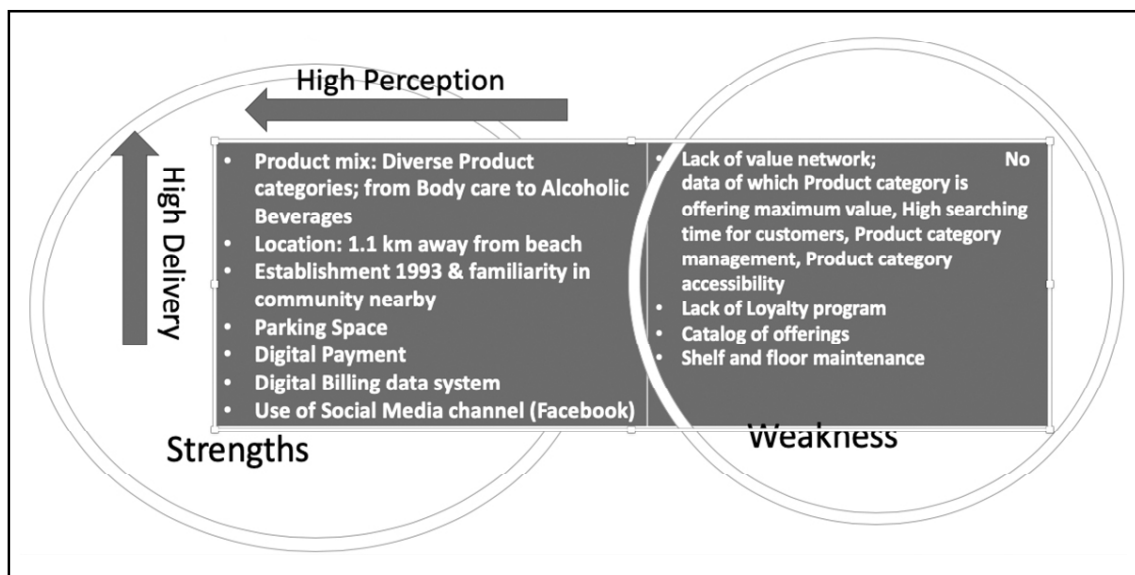
The case can also be utilized to teach undergraduate students in the final year of general business/management for courses like Bachelor of Commerce and Bachelor of business administration as they would be expected to draw upon a wide range of topics for a single case (i.e. Entrepreneurship, marketing, Strategic management, etc.)

The case is also of value to people who are likely to start a similar kind of super store or help in promoting to start one and small business support and policy organizations as an example of a small business successfully navigating generational challenges, growth, and ongoing management.

Teaching activities

Below are the teaching exercises that could be facilitated by the lecturer and completed by students who have read the case study. These exercises are intended as a guideline of sample questions that could be asked by the instructor. Exercises pertaining to this case are not limited to only those in this teaching note.

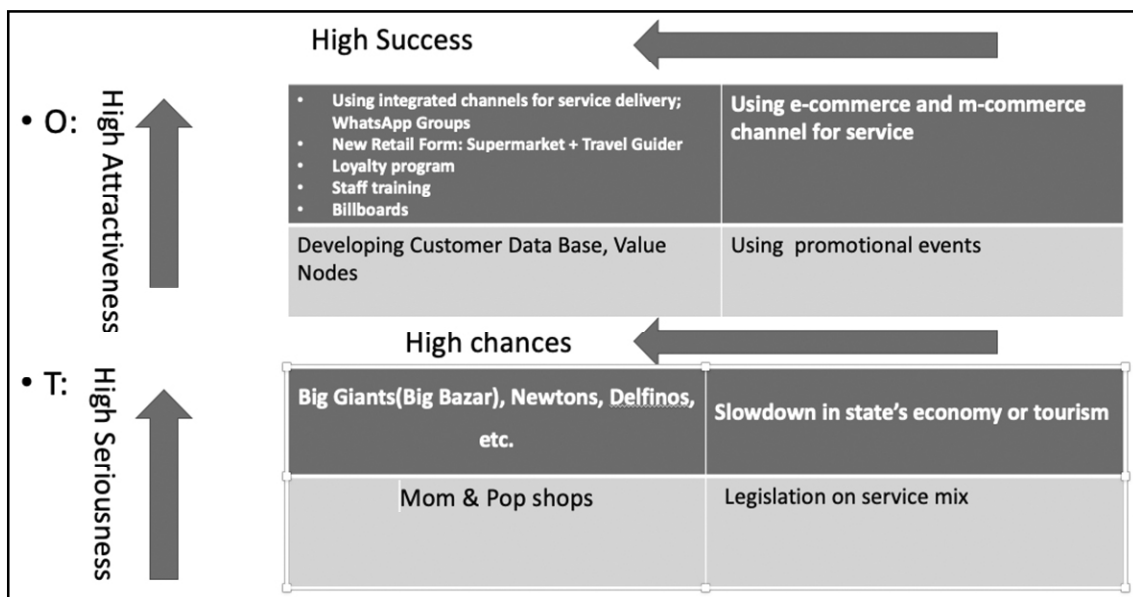
SWOT Analysis- The following analysis captures the key strengths and weakness within the company and describes the opportunities and threats that Lawande Supermarket could be facing. The student groups of 4-5 can be asked to list these.



As Lawande Supermarket belongs to service-based industry, which offers convenience goods, we have identified strengths based on criterion of very low gap between consumer perception and actual delivery of service. The above Exhibit provides list of strengths and weakness. Let's discuss them in detail. Lawande Supermarket has a diverse product mix, from body care, home care, cold meat and

fresh produce to Alcoholic Beverages. The establishment also offers exotic products such as imported cheese, vitamin drinks, camel milk chocolates, Cold-pressed Almond oil etc. To communicate these offerings Lawande Supermarket uses social media channel namely Facebook. As said earlier, the location is everything for a supermarket, as they offer convenience goods. Lawande supermarket is located just 1.1 km away from Candolim beach. This gives added advantage to the store. Lawande Supermarket offers sufficient and free parking space for customers. They also have digital payment option and billing data system, helping customers, mainly tourist, in terms of faster and easier payment.

As discussed earlier, big retailers focus on generating a value network, which helps them to serve the mass crowd and give promotional offer discounts to its customers. Lawande Supermarket lacks in this segment. This value network company can successfully use to find the maximum value offering product category and locate that product category's backward value modes such as wholesalers or other retailers. Lawande supermarket lacks in improving service time for customers and there is no system for monitoring and evaluating service time. There is also an issue of accessibility of products. Lawande Supermarket being established in 1993 has an informal loyal customer base but there is no loyalty program so as to increase the repetition of customers. Ambience is major factor in service industry, Lawande Supermarket can think of re-arranging shelves in order to help customers reach products quickly. Coming to the Opportunities and Threats to Lawande Supermarket let us understand this with the help of the opportunity and threat matrix. The Exhibit below shows them in detail.



Leftmost quarter of the opportunity matrix shows High success and attractiveness. In this the store have included these tasks; using integrated channels for providing delivery of goods “WhatsApp Groups” can be enabled. New Retail Form: Supermarket + Travel Guider, Loyalty program, Staff training, Billboards. They have considered success rate for e-commerce and m-commerce channel

of service low, because implementing them will require high initial investment. In fact, success rate of WhatsApp group can be a good measure before venturing into this costly proposition. They have added developing customer data base and value nodes in high success rate because they have high potential for generating long-term revenues. They have added usage promotional events in bottommost quarter because they are seasonal and costly affairs. Threat matrix is quite self-explanatory. Topmost quarter represents near competitors. Lawande Supermarket could focus on this threat and try and create differentials one of the differentials being implementation of a brand-new loyalty program. Mom and pop shops though have a lesser degree of seriousness, they are key diverters of customer base. So Lawande Supermarket could focus on improving touch and feel of goods being offered.

Facilitators can ask students to brainstorm on :

- why competitors in the same industry and with the same activities create different amounts of value
- if Lawande Super Store needs to carry out any marketing activities to gain a larger customer base.

The class can be divided into groups of 4-5 students and asked to do the exercise.

Facilitators additionally can teach PESTEL Analysis by using this case or can ask students to do PESTAL analysis. The store in past has done analysis focusing on the attributes & issues the firm is facing and its ability to produce value as it pertains to competitive advantage. Taking more of a macro view which covers the larger political, economic, social, technical, environmental, and legal issues will allow the Lawande Super Store to analyze the external environment in which they are doing business.

Case- Part A

Teaching Note :

Mr. Udai Lawande was sitting in his office in a pensive mood. As he looked through the shelves of his 400sq.mt store he had several thoughts running through his mind. It was his Super market, 'Lawande Super Market', which had helped him earn a name in the market and get good deals for as long as 25 years now. From being one of Goa's most successful and profitable Super Markets, things were getting shaky very slowly and gradually and this put him in a dilemma so as to expand the store or continue as it is.

Background

Lawande Super Market was set up by Mr. Udai Lawande in the year 1993 to take advantage of the growing retail needs of Goa, especially when he noticed a boom in the tourist season which would particularly last for 6 months. Back in those days, the concept of convenience stores and super markets was a relatively new upcoming business proposition and there were very few established

stores belonging to the same category. But Mr. Lawande had the foresight for the future and was well aware of the big opportunity that lay ahead. With little resources in hand, he put in all his personal savings and gave a new life to this business establishment: Lawande Center. In the years that followed, Mr. Lawande established Lawande Center as one of the top Super stores in the coastal stretch of Candolim, Goa after which he planned to rechristen it as Lawande Super Market. Business multiplied quickly over the years as the Store gained a strong reputation for being very professional in terms of catering to the needs to a variety of customers right from grocery to FMCG's to alcohol/ beverages to cosmetics and body care products. Their USP was "all goods being available under one roof", a concept which was practically less aware of when it came to the retail stores of that decade, they managed to shine among the stars themselves. All of Lawande Super Market's customers were provided personal services, ample parking space, goods at economical prices etc. This made Lawande Super Market a one stop shop for all shopping solutions, which became its main USP (See Exhibit 1). A family run business, Mr. Udai Lawande himself, his wife and two daughters, and 8 other assistants were all that was needed to keep the wheels spinning.

The store saw the best years in the early 2000's when chartered flights started flying in to the Goa state for tourism purpose. The popularity of some of the big EDM and music festivals drew many tourist to that area and it has benefitted Lawande super store also.

Retail Sector in Goa, India

Retailing is not a new chapter in the business history of India. Trade and commerce have existed right since the beginning of Indus valley civilization, one of the largest ancient urban civilizations. India's retail market is expected to increase by 60 per cent to reach US\$ 1.1 trillion by 2020, on the back of factors like rising incomes and lifestyle changes by middle class and increased digital connectivity.* The Indian retail sector contributes around 10-11% to the Gross Domestic Product. This growth of the super markets in India can be attributed to the rising of the Indian service sector. We can see that during the period from 2010-2012 there has been a subsequent growth in India's retail industry, especially food and grocery available at supermarkets. (See Exhibit 2)

Goa is one of the most favorite tourist destinations of India. Increase in state per capita income helps the industry to grow at a fast pace. Goa's retail industry has a smaller number of big national player so mostly the industry is driven by small to medium size retail stores and Supermarket managed by locals, e.g. Lawande Supermarket, Magsons's, Newton's, Delfinos etc. Per capita income for the state of Goa is increasing at much faster rate, as per the data from Government of Goa (Exhibit 3).

Stepping stones to success

It was only post 2005 that the Goan retail market started gaining demand. The demand was a combination of several factors, namely; healthy economic growth, increasing disposable income, changing consumer tastes and preferences, boom in tourism etc.

* <https://www.ibef.org/industry/retail-india.aspx>

The period post 2008 saw retail prices rise slowly and even though this led to an increase in profits this also led to an increase in competition with many others trying to set up a super store/hymart.

It was pretty clear that the trade was doing really well with the family involved in the operations and functioning of the business. Mr. Lawande was a visionary, he was always updated with the new trends, upcoming business policies, infrastructure and tourism updates. As a foreseer he knew that Goa which is called Mini IBIZA, is a tourism state.

The store has also survived through some of the worst periods in the retail business. In the year 2010, a massive super center in the name of Newton's was introduced about 800 mts ahead. In terms of product offerings both Lawande Super Market and Newton's had the same spread but in terms of size the competitor had an added advantage. Lawande Super Market did face a huge blow in terms of customers getting divided. People thought the new super market had something new to offer, they went in for the glam. Two years down the line another competitor crept in, 200 mts. ahead of Newton's called Delphino's Hymart (See Exhibit 4).

Not only big competitors in the area, with tourism booming, there were many small scale kirana stores opened up in the same area. He did not anticipate the booming of kirana stores and had not plan to handle this hit to his business.

What strategy Mr. Lawande should adopt?

Case - Part B

Teaching Note :

Mr. Uday Lawande used the technology to re-gain his lost customers. The idea of using the technology came from his younger daughter demand of upgrading her phone to the latest trending android phone, which had all the new feature on it.

Mr. Uday asked what is the USP of the phone and daughter mentioned that there was a fingerprint scanner which only that person could access who's fingerprint is being registered on the smart phone. This made him think beyond an ordinary person, he came up with an idea: a card system where the customer can fill up their card with money and just use this to swipe at the time of purchase, no need to carry exact change or cash in hand.

He created a small team to make work on his plan of using technology and execute it. Finally the card system was up. Now the challenge was to communicate this new offering to the prospective customers. He marketed it through newspaper, put up bill boards in front of his store and few other public places in the vicinity and called up the customer who he was in touch with and also communicated through social media channels like Facebook and Instagram. He ran an offer just for a month to gain back his customers. It was an investment which was worth every penny, this was one opportunity that Mr. Lawande got and he took advantage of it!

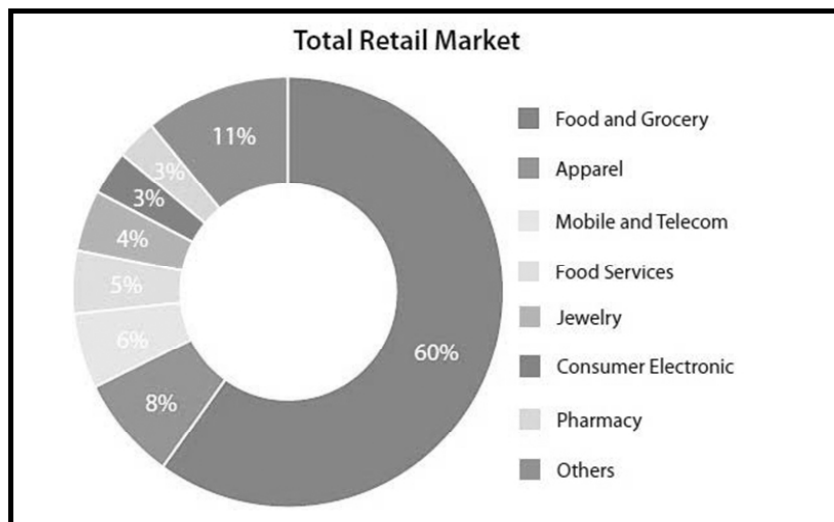
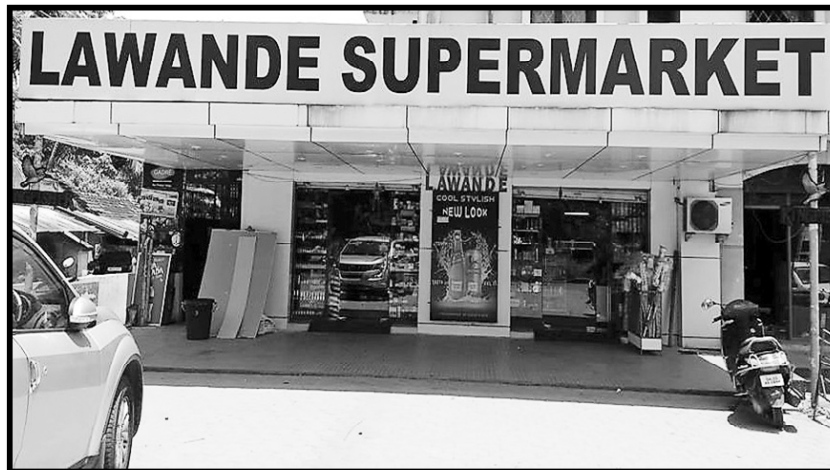
Way forward

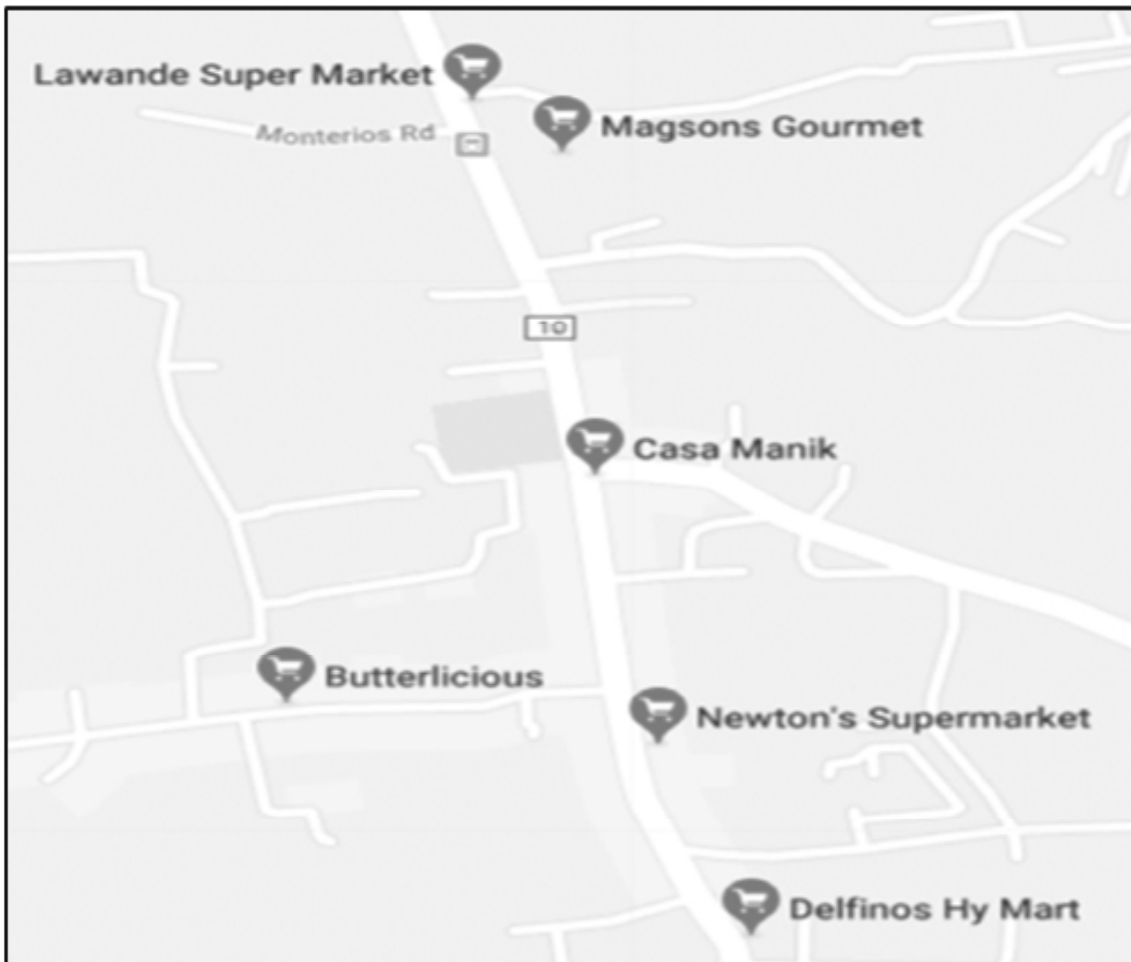
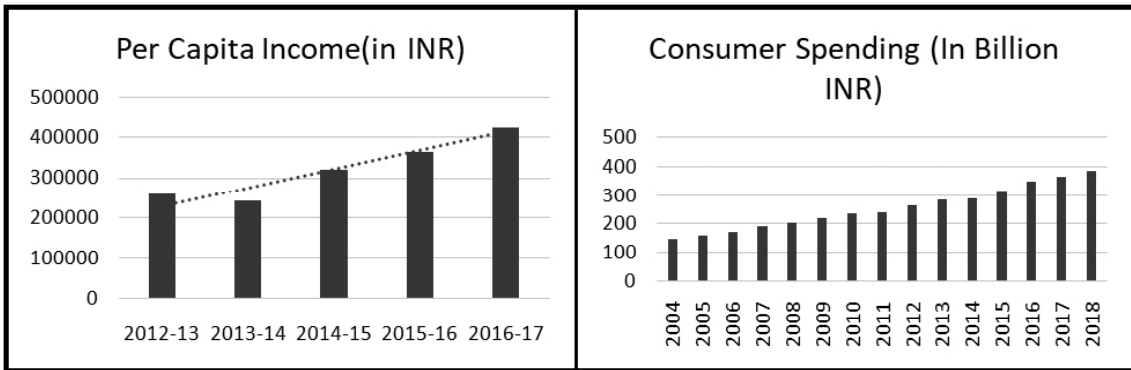
Currently, they still aren't at the bottom but just so that they don't kind of levitate near it. They need to find a solution as to either improve their game in the retail market like their competitors who are gaining a brand name or continue at the same pace, catering to their regular customers. Currently they are sustaining. They're still being approached by a fair number of consumers; however, their overall ability to handle them has deteriorated. Their reputation is still alive and kicking thanks to the regular customers. They need to act quickly to arrest any kind of down fall and build up their overall efficiency so as to not only sustain but to emerge again as the top supermarkets in Goa. The road ahead for Mr. Lawande and his family is going to get challenging considering the state of the retailmarket today.

What should he do now?

Exhibits

Teaching Note :





(<http://goadpse.gov.in/Economic%20Survey%202017-18.pdf>)

Exhibit 4: Competition in the same stretch