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### CASE STUDY: SUCCESS STORY OF IMTIAZ SUPER MARKET

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#### **ABSTRACT**

This case study is an endeavor to understand the operations of a retail chain store Imtiaz Super Market (ISM) in Pakistan's scenario. It helps to identify the variables which supports an organization to build a sustainable competitive advantage in the retail industry in Pakistan. This will also guide entrepreneurs in setting up their business goals in the same industry. Data was collected using structured indirect and structured direct questions from staff and management of Imtiaz Super Market. Since the case study was based in Karachi, six branches were included for data collection. Different branches were selected on the basis of different areas of Karachi. To inculcate customer view points in the case study, survey was conducted from 351 Karachiites and ten customers from each branch (mentioned above) were also interviewed. It was found that they have been a loyal customer of brand for more than three years due to the prices, availability of the product range and the quality that the brand is providing. Moreover, observation in each branch was also made to check out required aspects of customer buying behavior. It was observed that customers were not much bothered about the shelving of the products, but they feel exhausted due to the traffic at the cash counters and parking issues.

#### **INTRODUCTION**

The retail sector has been estimated to reach \$152 billion in 2017 with 18% contribution in GDP of Pakistan (Shaikh, 2017) . Retailing these days are backed by diverse product assortments, price competitiveness, better accessibility, improved merchandising, empathetic service and superior store

experience. ISM (Imtiaz Super Market) is one of the retail stores that was quick to recognize the modern day retail shopping experience in Pakistan. It's a retail store corporation that operates as a chain of hypermarkets. The company operates 11 stores throughout the country; 9 in Karachi and 1 each in Faisalabad and Gujranwala. It is estimated that its yearly turnover is between Rs 40 billion to Rs 60 billion, which makes it the market leader in the segment, ahead of Metro and Carrefour.

Imtiaz Super Market is working in Karachi since 1955 and has been titled as a supermarket since 2003 when it inaugurated its branch at Awami Markaz, Karachi. From business perspective, it can be observed that Imtiaz Super Market is one of the finest examples in the market which started from scratch and is beating the international competition in the local market. Therefore, it can be an opportunity to study the success story of Imtiaz Super Market.

Long queues of people, crowd at the entrance, traffic jam on road..this is the story of every Sunday morning in front of Imtiaz Super Market, Gulshan e Iqbal branch. "Imtiaz", the name has become symbol of economic yet quality product for masses in Karachi. Soon it might capture the trust of masses around big cities of Pakistan too as the company has started spreading its wings in other cities aswell. Such success is not everyone's fate. Mr. Imtiaz Hussain is the person behind this success.

Today, Imtiaz Super Market is having a record of approximately 150,000 invoices daily; more than 7000 employees working in their twelve facilities; more than 2000 global suppliers who are assisting them in their business. Has all this been achieved in all of a sudden? From where did all these people come? Why this organization is showing a continuous growth and is expecting an increment on their growth side? All these questions develop in the mind of every business person or any business student that how is this all happening?

### ***Objectives***

Following are the objectives of this research:

1. To create a critical case study on business strategies used by ISM on its journey from a Convenience Store to Supermarket.
2. To explore the Retail Business Model (RBM) of ISM that has contributed in its success.
3. To explore the level of adoption of Western RBM by ISM.

### ***Significance***

Pakistan's retail sector has grown rapidly with an estimated size of \$50 billion in 2018 (Pakistan & Gulf Economist, 2018). Local retailers with private brands are giving tough competition to not only large foreign competition, but also to famous national brands. Nevertheless, quality shopping has shifted Karachiites from local convenience stores to modern retail stores like supermarkets, departmental stores and category killers. For consumers seeking quality products under one roof, a visit to modern retail stores has become very

attractive and a source of family outing. However, local retailers need to do their business with a vision in order to become a giant like ISM. This case study will be of great significance to the business students, who are rarely exposed to our local business case studies for critical thinking and analysis. Moreover, this case study can be useful for those visionary entrepreneurs who aim to achieve big through their creativity and working.

### ***Brief History***

Imtiaz Super Market is owned by Mr. Imtiaz Hussain, who is also the current Chairman of the organization. Initially, Imtiaz Super Market was just an ordinary store in one of the most densely populated areas of Karachi, Bahadurabad. In 1955, the store was opened by his father as a 'general store' of the area, with the scope of delivering a unique solution to its customers by providing exciting deals, feasible packages and lower retail prices which attracted the customers from day one. This approach was continued by Mr. Imtiaz Hussain, and mind set was fixed towards growth of the business. The business grew and in the same area and on the same location, the business had its first super market as Imtiaz Super Market. Providing excellent retail prices and services to the residents of that area, people residing in other areas started visiting this store.

The business then took a formal structure once the revenue of the firm started to increase rapidly. After the struggle of several years, the business had sufficient funds to launch another outlet in the same city to cater more people at the same time. This time the target was to cater the residents of east areas of the Karachi as well which includes, Shah Faisal Town, Malir, etc. Since there was already a multi-national giant, MACRO, operating its outlet in Shah Faisal Town, it became an important task to choose the place for new outlet of Imtiaz Super Market. The heads of the company then finally came to a point on choosing Awami Markaz at Shar-e-Faisal, to be the place of their second outlet. The company obtained half of the ground floor of the building and opened its outlet there. The business flourished there and the company experienced a new level of revenue generation. Since two outlets were in operation now at two different locations targeting two different areas of Karachi, the revenues of the firm reached almost twice as it was with one store.

Since the growth should never be stopped, the business continued its current strategies, operated its two stores successfully and earned enough profit that they were able to introduce another outlet. Now this outlet was planned to cater other parts of the city. There were various options for the business to choose, but finally they decided to move to the North side of the city. Going completely in the North may not sound a much feasible option, so they decided to open the outlet in between north and central city, and they targeted Nazimabad. As the expectations were high from this outlet, the expenditures were quite higher, but results were beyond expectations. This store increased the sales so rapidly that the revenues increased up to a new level.

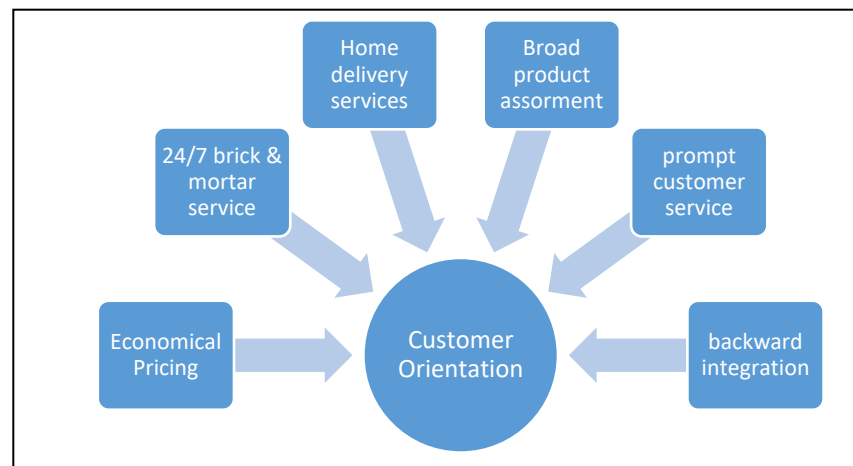
The firm had enough growth and now it was time to move towards the Southern part of the city. In February 2013, Imtiaz Super Market opened its fourth store

in Defense Phase 1. The purpose of opening this store was to target the audience from the Southern part of the city which were coming to the Awami Markaz outlet, but stopped their flow of visit due the increase in the number of competitors in Defense. Therefore, it was very necessary to open an outlet in that area, to not to lose the market share from that audience. This proved to be just a beginning...Currently, Imtiaz Super Market is operating sixteen stores in different areas of Karachi , Bahria town , Gujranwala, Faisalabad, Sialkot, Islamabad, and Lahore , catering a huge number of customers and clients. Operating these stores is not an easy task as there are operational issues, competitors’ issues, demand issues etc. and the organization has to face all these issues at the same time. Efficient and effective strategies and tactics are being used by the organization in terms of dealing all these hindrances and running the business successfully. Starting from the core values, covering the business model and different marketing strategies, the case study will end in explaining how Imtiaz Super Market has reached its existing superior level.

***Adopting Retail Business Model (RBM)***

There are certain core values of any working team, and so are for Imtiaz. Since its inception, the store has tried to put its focus on customer services that has strengthened with the passage of time. Their core values have been provision of enriching environment of trust and co-operation to customers, anticipation of customer needs, and creation of self-servicing convenient environment for shoppers. Moreover, they continuously work to have a fit between employees’ management and strategic management planning and believe that employees flourish as the company flourishes.

Adoption of these values was not enough to achieve big name in the industry and there was still a need to identify a business model that can help Mr. Imtiaz achieve his dream of business expansion. On his visit to Singapore, he was impressed by working of a local supermarket and decided to adopt its business model. This adoption turned to be favorable and today ISM is the result of successful implementation of the adopted model.



The hallmark of ISM success has been on convenience, variety, quality and affordability. The store is following a customer oriented business model since

1978. The supermarket, technically working as a departmental store, started to increase its product assortment gradually from its inception and is now offering around 150,000 products in different categories. Apart from their much needed online ordering services, customers can even have 24/7 physical shopping experience that has led to annual turnover of up to Rs.50 billion. Its highly competitive prices beat the market and attracts major footfall each day giving them a turnover of around Rs. 150 million each day. Moreover to cater the heavy footfall of approximately 200,000 people daily, its fleet of more than 7000 employees work efficiently and tirelessly.

However on the back-end, success is attributed to its larger sales volume efficient procurement, owning rice and flourmills, widespread in-house facility for spice grinding, cleaning and packaging.

### ***Implementing Effective Marketing Mix***

Since Imtiaz Super Market is a retail business which comes under the service sector, the aspects of considering its marketing mix is of sheer importance.

### ***PRODUCT OFFERINGS - CUSTOMER PROBLEMS' SOLUTION***

In the initial years of the business, Imtiaz General Store was only providing simple grocery items, both local and international, from local distributors. As the business grew in size, the product range also increased. From grocery they moved one by one to every other product that is available at Imtiaz Super Market now. Today it is providing solution to different customer problems through its vast range of household items, FMCG products, bakery, crockery, clothing, cosmetics, medicines, etc.

### ***PRICING - CUSTOMER'S COST***

In the beginning, Imtiaz Super Market used to provide market prevailing retail prices to the consumers, but as the business and number of customers grew, Imtiaz Super Market moved towards bundle pricing strategy. Comparatively, many retailers are also providing goods at regular retail prices but due to high sales volume, Imtiaz Super Market has a competitive edge of providing similar goods at lower prices. Also, they are providing products in bundles and bulk quantities which also result in reduced price. Today, Imtiaz offers everything in the best price as compare to others in the market. Moreover, simple philosophy of Mr. Imtiaz is to serve people and give them quality product at a cost which no other competitor could give.

### ***Placemement Augmentation - Customer Convenience***

Imtiaz Super Market has now Imtiaz Mega, Imtiaz Express and Imtiaz 24/7 for customer convenience. These different retail outlets are working massively in Karachi and has entered other key locations of Pakistan including Bahria Town (Karachi), Gujranwala, Sialkot, Lahore, Islamabad and Faisalabad. Shoppers in all districts of Karachi and other cities can now enjoy convenient and

economical shopping. In a survey done on 351 respondents from Karachi showed that the audience knows that there are more than 10 outlets in Karachi, and that most of them visit the outlet which is near to their residence, being convenient to go. Around 42% of the respondents claimed that the visit the Imtiaz Mega (Gulshan e Iqbal), which is mainly due to the reason that it is in center of the city.

### ***Promotion Techniques - Customer Communication***

Imtiaz Super Market is highly centered on promotion offers. After the launch of its first store, the company started adopting this strategy i.e. to provide different promotional packages to the customers. As the business grew, usage of this strategy increased and now there are not only seasonal or occasional discounts but heavy sales promotion going throughout the year on daily basis. To ease its customers, they also introduced “red-tag” campaign that communicated about items sold on special promotional prices under red tag. They also provide brochures to shoppers that help them to identify on-going promotional campaigns in the store.

### ***People - Growing Human Resources:***

From a staff of only 3 people in the beginning which grew to around 500 at the opening of their first store, and now a strong employee base of more than 7000, employees at Imtiaz are trained to assist and guide customers to enhance their shopping experience. Along with the economical prices and air-conditioned environment, cooperative and empathetic behavior of Imtiaz team members help customers to shop their again and again

### ***Process – Managing Daily Operations:***

The process in retail business is very simple. The customer walks in the shop, buys the product, pays the amount and walks out. Same is the process at Imtiaz Super Market. Initially they only accepted cash but as the technology advanced, the company started providing other modes of acceptance like debit cards and credit cards, etc. Electronic barcode system is also installed for the management of inventory and sales. Also, maximum possible number of cash tills are installed in a single store so that maximum number of customers can be catered at a given time. To reward loyal customers, loyalty cards have also been introduced through which customers can earn points every time they shop from any store of Imtiaz.

### ***Physical Evidence – Modern Brick & Mortar***

From the opening of first outlet till now, Imtiaz Super Market is providing neat and clean customer environment to satisfy their demands and enrich their shopping experience. From mosaic floor to shiny marble flooring, fans to air conditions, hand baskets to trolleys, high ceilings, and bright lights all have contributed in enhancing positive image of the store. However parking issue in some branches has made existence of those branches controversial and hassle

for those who pass by. At the beginning of every month, when majority people in Pakistan go for their monthly grocery, massive traffic jams can be observed and associated with the masses who are going to shop in ISM stores.

### **GLORIOUS ACHIEVEMENTS**

Human nature is not static, it demands change. If Imtiaz has not worked on its growth by bringing in modifications in its several offerings, including its business model and infra-structure, it would be a small general store till now or would have vanished from the market due to intense competition. The dedication, will and vision of Mr. Imtiaz Hussain, along with his teams lead the business to reach this point. In 2013, Imtiaz Super Market won the 'brand of the year' award which is a point of great success for any brand in its business life. Imtiaz Super Market is an ISO certified brand which assures that the quality standards of brand are matched and that customers can trust the brand's quality through this certification.

Other than the certification from ISO and achievement of awards from different sources, another point to view the success is the high customer footfall in the stores. This reflects two things to the success of the brand: firstly, Imtiaz Super Market experiences high sales on daily basis which itself becomes a success point that higher sales may yield in higher profit margin after the deduction of all cost. Secondly, it shows the loyalty of customer i.e. people who are buying products from Imtiaz Super Market are returning to the stores for the repurchase of the goods. The Chairman has always been interested to contribute in prosperity of Pakistan. He always targets "...to give back 30% of the profits we earn to our customers in the form of discounts, giveaways and gifts" (Shaikh, 2017).

### ***Novel techniques to attain sustainable competitive advantage***

Imtiaz Super Market has always shown dramatic changes in its service i.e. from a single store to a super market and then a chain of super markets.

It's striving to improve customer experience through introduction of online orders from website and call, 24/7 service offering of few stores, introduction of loyalty cards, and expanding business in other cities of Pakistan. It has also introduced its gift cards worth Rs. 500, Rs, 1000, Rs.2500 and Rs. 5000 and has tagged it as "a hassle free gifting option"<sup>1</sup>. Its vision is to be recognized as the best value provider ever and it's striving hard to achieve it. It has also pioneered in application of SAP in the retail business.

Its business philosophy to put all efforts in providing best value to all partners, stake holders, customers and society at large is achieved analyzing its offering through Neilson's Store Choice Drivers (Fayyaz, 2018).

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<sup>1</sup> <https://imtiaz.com.pk/gift-cards/>



The brand has achieved basic needs of offering everyday low prices in nearby locations of Karachi resulting in good sales. It is offering wide variety for grocery selection, fresh seafood, fresh produce of bakery items and other things that are well stocked. For its customers it has become one-stop solution where they can have friendly services.

“Now I can say this with a challenge that our designed stores are not for any particular strata riding Mercedes or Parado, anybody riding a motor-cycle or auto riksha and middle class people are welcomed. There’s no compromise on our quality and price. You can do maximum shopping in minimum time<sup>2</sup>”, said Mr. Imtiaz (Siddiqui, 2019).

Keeping current shoppers delighted and involved sustains its competitive advantage, increases average spend and protects the bottom line. Yet, keeping shoppers satisfied will prove to be a tough challenge for even long-established retailers like ISM.

### ***Customers’ Satisfaction – The Real Business Thrive:***

“Customer is the King” is a long-standing business mantra stressing the significance of customers in any business. Mr. Imtiaz Hussain Abidi also emphasize on this importance by focusing on customer prosperity and convenience through different ways. This has led to ever increasing loyal customer base. Customer opinion of ISM is of immense importance. Research showed that people come to ISM due to economical prices, availability of all household items under one roof, trust on originality of brands, and facility of air-conditioned shopping environment all year round. Also customers are loyal



to private brand of ISM, known as “Poonam” that includes variety of spices, pulses, rice, and flour. Customers are found to spend more time in spices section. They often ask queries to cooperative staff related to purchase of different product brands.

In a survey conducted on 351 respondents from Karachi, it was found that majority of customers (35%) have known ISM for more than a decade and have been its customers for more than five years, followed by second majority (23%) of the customers being a customer for 3 to 5 years. On average, most of the customers (50%) in Karachi have visited at least three branches in which the most visited branch is Imtiaz Mega in Gulshan-e-Iqbal. The problems that are usually faced are unavailability of proper parking space, crowd of people inside the facility, and less space to move trolley due to number of people around. It is also found that customers (76%) recommend others to shop from ISM, visit ISM at least once a month and usually buy more items than present in their monthly grocery list. In 2021, Imtiaz has also worked on its symbol and has changed from a shopping cart to a star. However, majority customers (86%) are least bothered about it i.e. either they remember the old logo or have not noticed this change. Overall customers are satisfied with the shopping experience at Imtiaz Super Market outlets and consider themselves its loyal customer.

### ***Employees’ Satisfaction – A Key growth Factor***

Employees are one of the key elements of every organization which helps the organization to achieve its objectives, as lack of efficiency of employees is of the biggest reasons of failures of organizations. Imtiaz Supermarket currently own more than 7000 employees working in different offices and branches. Accumulating from all branches nationwide, there are more than 6000 working directly on the operational floors and more than 1000 of them are evenly in communication with customers. On daily basis, the employees working in the aisles and managing the shelves face multiple queries from the customers and it is their responsibility to cater these queries generously.

In a survey conducted on the employees working in different outlets of Imtiaz Supermarket, a general question was asked that what is most frequently asked question of the customers and how that is entertained. In the response, most of the employees replied the same that customers usually ask for navigation most of the times, to guide them about some particular aisles or the place where the particular product is kept, which they usually cannot find. To overcome the frequently asked query, employees told that they have been performing rotational duties on the floor so that they might learn where each item/product is placed in the store. Also, they usually know the relevant people of the store who know the exact location of the products (mainly the category/aisle supervisors), so they forward the customers to these people. At times, even the customers make direct complains to the employees present on the floor about particular items being unavailable or certain things which have been disturbing their shopping experience, and then it is the responsibility of the employee to communicate these grievances of the customers to their supervisors and the upper management so that such issues might be resolved to improve the customer experience in future. Employees are not directly responded from the

upper management about the issue being resolved, but decrease in the same query/issue from the customer ensures them that the issue has been resolved. Employees also reported that they have a synergy and that every employee present on the floor owns the organization. They try their best to respond every query generated by the employee at the earliest, even if it out of their job description. They believe that the reason of the success of their brand is that they have good concept of teamwork i.e. there is less blame-game in the management of inventories and high aim towards providing the best shopping experience to the customers. Also, few employees said that apart from the teamwork, one of the reasons of the success is the discounted prices given to the customers, due to which, the average sale per trolley goes in between Rs. 10000 to Rs. 12000, where the maximum generated revenue by a single trolley may hit up to Rs. 25000 on daily basis. Starting their work with the recitation of Holy Quran is also source of blessing for the brand, according to them.

In the same survey, they were also asked that how often their inventory ends at the shelves and at the back, and the answer varied in this case as the footfall is different in each outlet. Outlets covering specific audience like Bahria Town, Malir Cantt., Zamzama, etc. have a low footfall and therefore the inventories at the shelves and at the back are never out of stock; whereas, outlets covering mass areas like Gulshan-e-Iqbal, Nazimabad No. 4, Korangi KPT Bridge, etc. have their shelves of frequent purchased items like Oil, Flour, Pulses, etc. restocked on daily basis, and shelves of less frequent purchased like soaps, diapers, detergents, etc. are restocked every 3-4 days depending on the dates of the month. Also, a general answer of the employees remained that it happens rarely that they are out of stock completely as they have almost double inventory at the back than the one present on the shelves.

## CONCLUSION

Throughout years, Imtiaz Supermarket has performed tremendous effort in order to progress and make itself a reputable and trust worthy brand. In the category of the modern trade, ISM is the only brand which has beaten both the International Modern Trade (IMT) and the Local Modern Trade (LMT). A few years back, IMT giants like Metro and Carrefour use to own this market in our territory, but the struggle done by ISM has shifted the face and now ISM is not just leader of the market, but a role model for the newcomers from the LMT side. Today, saying this wouldn't be wrong that being such a huge name in the retailing industry, ISM has discouraged the other international retailing chains (which are working successfully in the world but not present in Pakistan) to enter our country and make business and profit for their lands.

Local brands of Pakistan are usually not leading in most of the industries in Pakistan, yet in such an environment, brands like ISM has performed outstandingly. But where the future of this brand leading it? Since there is a lot of potential left in the country to make the market completely saturated, cities like Multan, Hyderabad, Sukkur, Quetta, etc. are still untapped, whether ISM will expand itself further locally or is it ready to move across the border? Having huge finances in the pockets, will the management try to open its sister company in the same industry but in different country or go for a backward vertical integration by creating product brands like Poonam to compete here in Pakistan?

There are several questions like these which arise in the minds but we can just wait and watch what further wonders this brand will do!

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