

# **Supply Chain Management Scenario of a Super Store: A Critical Analysis on Agora**

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**Abstract:** *Supply chain management is a set of organizations engaged in the delivery of a product or service to the customer or the end user. All parties whether directly or indirectly involved in satisfying customer request and demand are involved in supply chain management. It is internalized and conceptualized as a link or chain of organizations from supplier to end user, with the intention of coordinating both supply and demand. These parties are not only suppliers and manufacturers, but also wholesalers, retailers, transporters and even the customer themselves. The success of organizations is highly depending on their ability to manage and design their supply chain management system in order to get the maximum benefit in the market where competitive forces are dynamic. Thus, supply chain is dynamic and all about conducting all necessary activities, facilities and functions, which can meet the demand of the customer. Agora one of the popular superstore also has its own supply chain activities to conduct its day to day operations effectively. The study is conducted to get an overall idea about the supply chain management practices of the superstore.*

**Keywords:** *Supply Chain Management, Competitors, Logistics.*

## **1 Introduction**

Managers in the last two decades have witnessed a period of change unparalleled in the history of the world, in terms of advances in the technology, globalization of markets, and stabilization of political economies. With the increasing number of “world-class” competitors both domestically and abroad, organizations have had to improve their internal processes rapidly in order to stay competitive. As the demand for new products escalated in the 1980s, manufacturing organizations were required to become increasingly flexible and responsive to modify existing products and processes or to develop new ones in order to meet ever-changing customer needs. In the 1990s after improving of the manufacturing capabilities, managers realized that material and service inputs from suppliers had a major impact on their organizations’ ability to meet customer needs. This led to an increased focus on the supply base and the organization’s sourcing strategy. Managers also realized that producing a quality product was not enough. Getting the products to customers when, where, how, and in the quantity that they want, in a cost-effective manner, constituted an entirely new type of challenge. (The Global Logistics Research Team, 1995).

As the consequences of these changes, organizations now find that it is no longer enough to manage their organizations. They must also be involved in the management of the network of all upstream firms that provide inputs (directly or indirectly), as well as the network of downstream firms responsible for delivery and after-

market service of the product to the end customer. From this realization emerged the concept of the “supply chain.” (Handfield and Nichols, 2006).

A supply chain is the sequence of organizations – their facilities, functions, and activities – that are involved in producing and delivering a product or service. The sequence begins with basic suppliers of raw materials and extends all the way to the final customer. (Stevenson, 2008).

Supply is the relationship between the quantity of a good or service consumers will offer for sale and the price charged for that good. More precisely and formally supply can be thought of as "the total quantity of a good or service that is available for purchase at a given price." supply is how much of an item the market can offer. The quantity supplied is the amount of an item or service the supplier will provide in exchange for a certain price. In a similar fashion to demand, there is a relationship which links the price and the quantity supplied to the market. This is the supply relationship.

According to Robert S. Russel & Taylor, “A supply chain refers to facilities, functions and activities involved in producing and delivering a product or service from suppliers to customers.”

According to Handfield Nichols Jr, “Supply chain encompasses all activities associated with the flow of transformation of goods from the raw materials stage through the users as well as the associated information flows.”

So we can say that supply chain are value chains, reflect the concept that value is added as good and services progress through the chain.

## 2 Supply Chain Management

Supply chain management is the oversight of materials information and finances as they move in a process from supplier to manufacturer to whole sale to retailer to customer. Supply chain management involves coordinating and integrating flows both within and among the company

According to **Robert, Russel & Taylor**, “Supply chain management means managing the flow of information through the supply chain in order to attain the level of synchronization that will make it more responsive customers needs while lowering cost.

According to **Zacharia**, “Supply chain management is defined as the systematic, strategic coordination of the traditional business function and tactics across these business function within a particular company across business within the supply chain, for the purpose of improving the long term performance of the individual companies and the supply chain as a whole.”

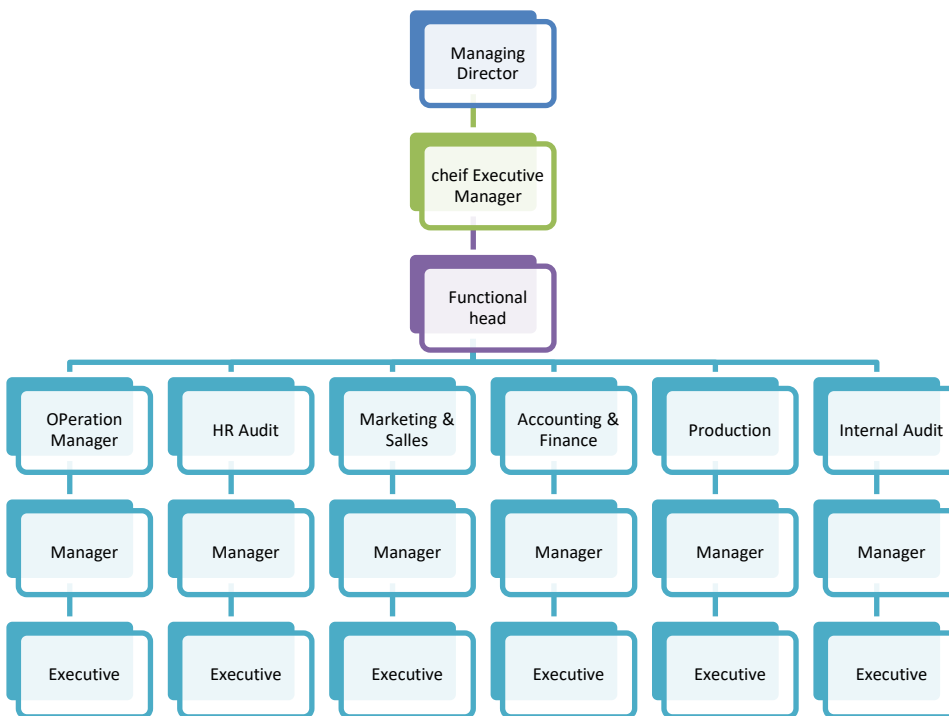
### 2.1 Company Profile:

The name of Agora is entwined with the glory of-the Agora’s marketing policy “to create a better environment for consumers”. A man gifted with an inherent entrepreneurial sense, **Late A. C. Abdur Rahim**, the founder of **RahimAfrooz** started a trading house in 1973, which continued to expand in scope and nature as time went along. In 2001, Agora was introduced to the world. The success was immediate as there was a demand for such business in the local market. Agora's state-of-the-art technology and creative strategy gave it an edge over its competitors at local market. Agora is a Dhaka-based supermarket chain. It is the largest retailer, both by local sales and by domestic market share, and the largest retailer in Dhaka leaving behind Meena Bazar,

Nandan Mega Shop, Pacific, Pick and Pay, Etc, Shop & Save and others. Originally specializing in food, it has moved into areas such as clothes, consumer electronics, and consumer financial services, selling and renting DVDs, compact discs and consumer telecom accessories. Agora Ltd. is an enterprise that combines industry and trade, mainly engages in retailing the quality products at the most lowest price in the market. The management of Agora, was an enthusiastic advocate of trading stamps as an inducement for shoppers to patronize their stores: They signed up with all types of quality products manufacturer, and became one of the company's largest clients. But the management was a fan of pile it high and sell it cheap, and in the mid-2000 Agora faced many cost problems associated with not properly integrating its purchased chains of stores. When the firm overstretched itself opening few more outlets throughout the city, management consultants were called in to sort out the mess. Facing the world and looking beyond, Agora will always maintain the pure-hearted, enterprising, quality and struggling spirit make efforts to scrupulously abide by our goodwill, create splendid future together with you in management vision of joint development, joint prosperity and mutual benefits.

## 2.2 Organization structure of Agora:

The structure of **Rahimafrooz** Company is given below.



## 2.3 Objectives of the Study:

The study has the following objectives.

1. To find out the supply chain management practices of Agora;

2. To provide an overview of the supermarket trend of Bangladesh with emphasis on the latest developments taking place in this sphere of retail trade.
3. To provide an insight to Agora's central selling points as well as other special features that set the standard for contemporary retail practice in Bangladesh.

### 3 Methodology

To conduct the study "Agora" is taken as a sample firm. The nature of the study is descriptive. Descriptive study requires purposive sampling. When any sample is taken by choice and not by chance it is known as purposive sampling. So, the selection of the respondent is done through purposive sampling. Both primary and secondary sources of data are used to conduct the study. To collect primary data a specially designed questionnaire have been used. The questionnaire comprised of open-ended questions. To collect the secondary data website of Agora has been used.

### 4 Literature Review

Increasing globalization has lead to an alarming concern regarding the improvement of the quality of the goods & services, customized services, inventory reduction, in-formation timing and the most important element i.e. the satisfaction of the ultimate customer. With increasing complexities the process of Supply Chain Management as well as the logistics process has become more & more difficult as the level of demand is at its peak. In order to attain sustainable competitive advantage the firms should effectively integrate as well as incorporate the SCM sys-tems in their work place (Figueiredo, 1994).

The supply chain means a type of chain that constitutes of every activity which is associated with a flow or trans-forming the goods from raw materials stage i.e. the ex-traction, throughout toward the end user, such as the associated flow of information.

From the past ten years, outsourcing, globalization, and the information technology which have enabled certain organizations, like Hewlett Packard, Dell in successfully operate the solid coordinated networks of supply where every specialized partner of business focused only on the few strategic activities (Scott, 1993).

The world is the period of supply chain management, where organizations and business enterprises could not stand independently in isolation, but respond to ever changing global market through establishing a supply chain system to create a value delivery system. As per the definition of United Kingdom of Trade and Industry, supply chain management is defined as "the systematic planning and control of technologies, materials and ser-vices, from identification need by the ultimate customer". According to Fawcett (2008) supply chain management can be defined as "the design and management of seamless, value-added process across organizational boundaries to meet the real needs of the end customer". The main objective of supply chain management is to create value from the production to delivery process in a way which creates better competitive advantage to parties involved in the chain by minimizing cost. Value is not inherent in products or services, but rather is perceived or experienced by the customer (Handfield and Monczka *et al.* (2009:11).

Supply chain management basically depends on organization's business strategy and relationship the organization, plan and execution, logistic performance and in-formation technology and its implementation in

the organizational business system. According to Tan (2001), supply chain management coordinated business activities and relationship internally within an organization, with immediate suppliers and customers along the supply chain, and within the entire supply chain system. The external supply chain includes the internal supply chain.

All parties whether directly or indirectly involved in satisfying customer request and demand are involved in supply chain management. It is internalized and conceptualized as a link or chain of organizations from supplier to end user, with the intention of coordinating both supply and demand. These parties are not only suppliers and manufacturers, but also wholesalers, retailers, trans-porters and even the customer themselves. The successes of organizations are highly depending on their ability to manage and design their supply chain management system in order to get the maximum benefit in the market where competitive forces are dynamic. Thus, supply chain is dynamic and all about conducting all necessary activities, facilities and functions, which can meet the demand of the customer. The functions might be marketing, distribution, new product development, finance, operation and customer service and others. It would be good to visualize the functions which are related with the chain in order to achieve the intended objective which is fulfilling the customer need and cope up with the market force competition. Supply chain management is about competing on value, collaborating with customers and suppliers to create a position of strength in the market-place based on value derived from end consumer (Chopra and Meindl, 2007:23).

According to , Li et al., (2004) and Koh et al., (2007) preliminary empirical studies identified that the supply chain management practice into various dimensions such as, strategic supplier partnership, customer relationship, level of information sharing, and quality of information sharing. The study found that firms that implement SCM practices can have a bottom line influence on the organizational performance and SCM practice also direct impact on competitive advantage. More-over, firms that have higher levels of competitive advantage may lead to improved organizational performance. Supply Chain Management is now seen as a set of manageable interrelated processes with the aim of increasing effectiveness and efficiency. Many practitioners are leveraging such SCM practices as joint planning and technology sharing. Companies like Dell and Lucent have achieved significant improvements in their supply chain planning and scheduling through collaboration and mutual trust (Chopra,2001). According to Edward and Robert (2004) the set of relationships in an extended enterprise must be aligned with the overall strategy of the firm. The three Cs (connectivity, community and collaboration) have been presented to substantiate the philosophy of the extended enterprise. Connectivity refers to the extent to which various partners are connected with each other for achieving a common goal. Community refers to the members living in harmony and following a defined and agreed set of norms and procedures. Collaboration is the heart of the extended enterprise. If the supply chains management is viewed from a resource based view, the key question is whether the characteristics are valuable, rare and difficult to replicate.

## 5 Scenario of Supply Chain Management Practices in Agora

Agora is the most popular super store in Bangladesh. Agora's interior is similar to most super markets in design and layout due to trends in marketing. It produces trends to be near the entrance of the store, various kinds of products and services are sold (at least 15000 products and services). Milk, bread, and other essential items spent in the store, strolling past other items and capitalizing on impulse buying. The front of the store or Front-End is where one might find point of sale machines or cash registers.

Agora has plans to implement self-checkout devices in their stores in an attempt to reduce labor costs as well as bringing complete customer satisfaction. Understanding the historical context from which some of today's organizational structures have developed helps to explain why some structures is the way they are but Agora using a structured which is more horizontally capitalizing on the innovativeness of their employees. Part of the reason, as this section discusses, is that organizational structure of Agora that has a certain inertia the idea borrowed from physics and chemistry that something in motion tends to continue on that same path. Because of this unique management process they have become the leading superstore in the Bangladesh (Shamim, 2022).

#### *5.1 Products available at the outlet of Agora*

There are maximum 15,000 products available in a outlet of Agora and minimum 6,000 products. All the products are divided into three types.

- (1) **Food items:** The items which are directly eat is called food items. Such as fast food/bakery, pack rice, rice, lentils, sugar/salt, wheat/flour, spices, biscuits, chocolates, cereals, honey, jelly, tea/coffee, traditional snacks etc.
- (2) **Non-food items:** The thing which is not able to eat but can use to complete the demand of a person is called non-food items. Such as dish wash, laundry detergent, insect killer, incense, tooth pest, tooth brush, shampoo, soap, hair oil, skin care, deodorant etc.
- (3) **Perishable products:** perishable products are the food items which are not lasting or rope in a short time. Such as potato, ginger, fish, meat, vegetable, fruits etc

#### *5.2 Supplier selection considerations:*

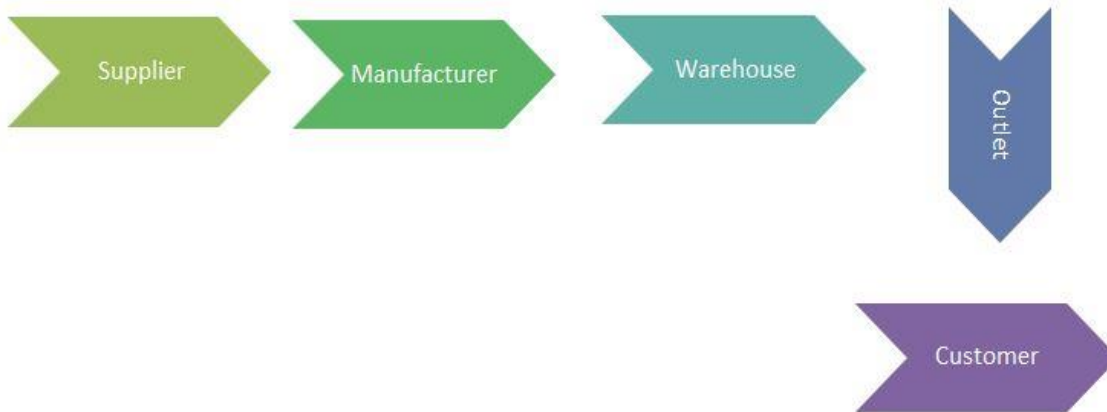
In order to select the suppliers Agora consider 3 terms. They are-

1. **Maximum gross profit:** Suppliers are the organizations key. Any organization's first and foremost thinking is to increase the profit. The less supplier related to any organization is more profitable though the more supplier can be helpful to justify more. Agora emphasize on maximize the profit with minimum cost selecting the best suppliers with a partnership relation.
2. **Wide range of product:** With the range of product of the organization suppliers ability must be seen. Who are able to transfer the product to customer hand effectively and efficiently it must be consider while supplier selection. The most important division and city known as portal city Chittagong and the capital city Dhaka where Agora is situated. Where Chittagong has one outlet and in Dhaka has 11 outlets with the total 12 outlet and 15000 products. In order to deal with the customer Agora find out which suppliers have more ability to provide the service. Geographical location of supplier is also considered here.
3. **Availability:** In order to select appropriate suppliers, it must be considered if the company is available to provide products and services. Here, it is scrutinize the-
  - Availability of product,
  - Availability of demand,
  - Availability of customers.

Thinking all about the availability of product, demand and customers Agora select their suppliers.

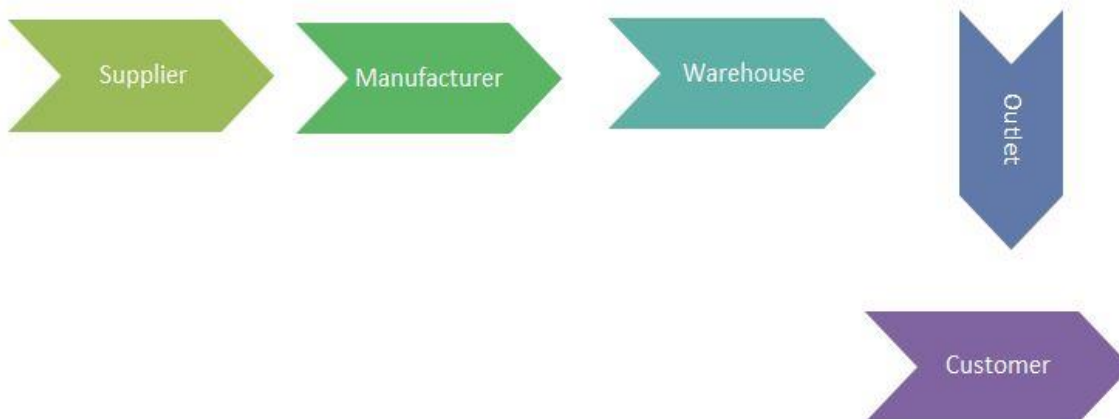
### 5.3 Supply chain of the food items

In case of food items Agora has contract with the manufacturers like Unilever, ReckitBenkizer, Square, Keya, Kohinoor Chemical etc. This company directly deliver product to the warehouse of Agora. There is no intermediary between these two. The products are never come to the outlets without the hand of warehouse.



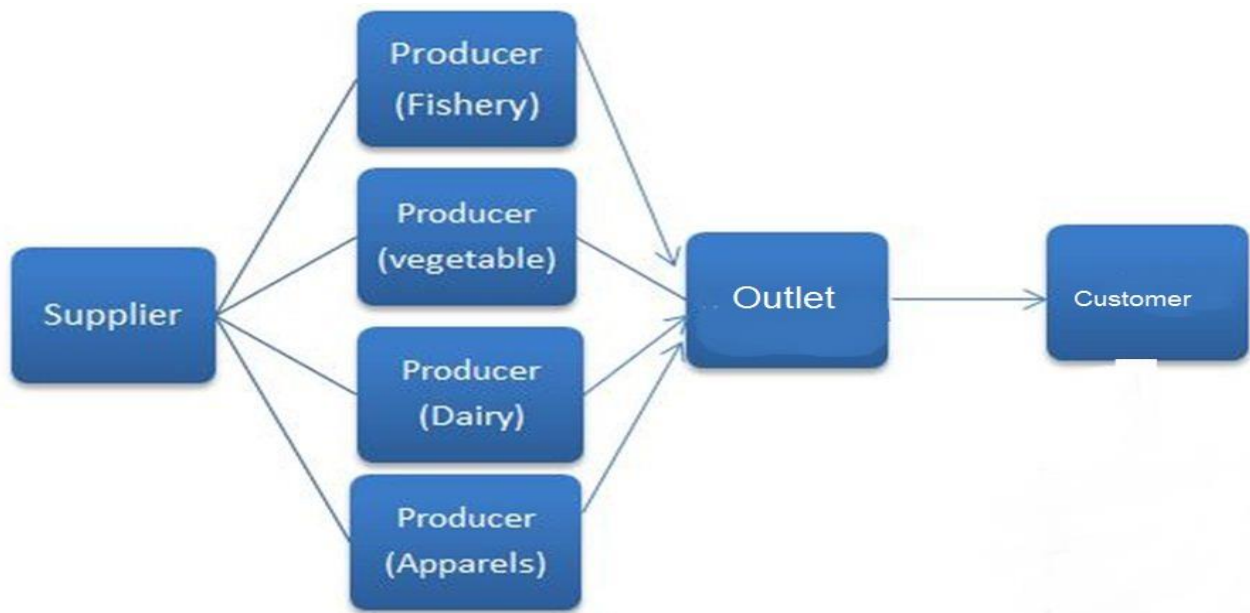
### 5.4 Supply chain of the non-food items

Non Food items of Agora has contract with the Different companies. These companies directly deliver product to the warehouse of Agora. There is no intermediary between these two. The products are never come to the outlets without the hand of warehouse. The process is just like the supply chain process of Food items.



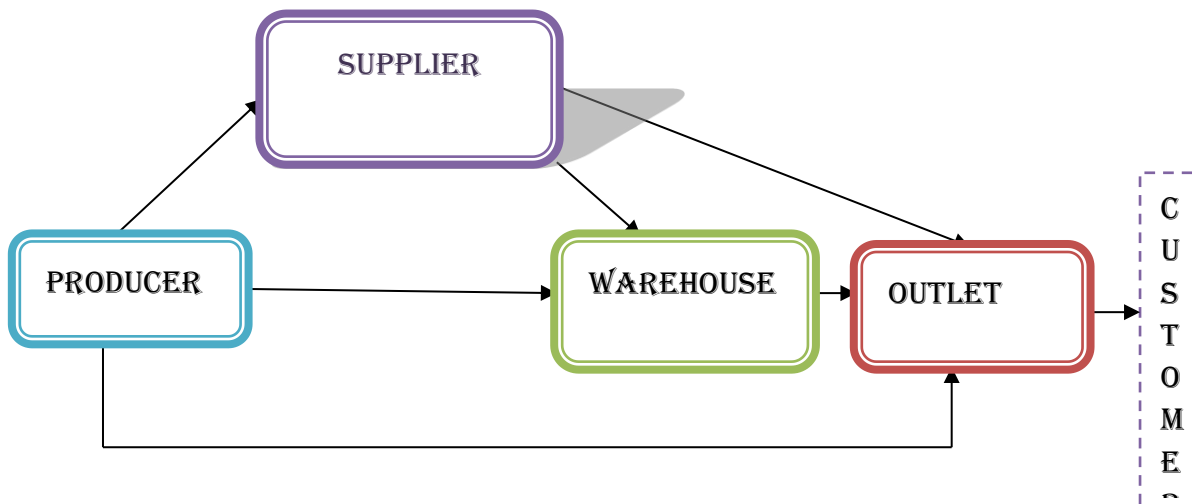
### 5.5 Supply chain of the perishable items

The supply chain of agricultural product of Agora is too much flexible. Agora has conduct with some agricultural firms like vegetable firms, hatchery, poultry firms, Mushroom firms dairy & flesh firms(milk, beef, mutton) etc. These firms supply fresh agricultural items as daily, two days, three days, weekly, biweekly or monthly based to Agora. The transportation costs are taken by the producer. All the products are come in Outlets.



**5.6 Overall supply chain management of Agora:**

The diagram shows that the products are sometime collected from the producer and then supplied to the outlet of Agora and then to customer. We also find here that the products are collected from the producer and stored into the agora’s own warehouse and then send to outlet and finally to the customer.





Sometime produced are collected by the supplier and then to the warehouse to outlet to customer and sometime supplier to outlet then to customer. Agora has its own carriage to shift product from warehouse to outlet. For other cases it uses the hired or producer or supplier's carriage to carry products.

## 6 Major Findings of the Study

With multiple stores in Dhaka, Agora is a leader in superstore retail organizations. The combination of quality and price under various brand name offers customers value for their money. The authors have examined and evaluated the operations of Agora, Ltd. including its strengths and weaknesses and found the followings in order to ensure continued success for the future of Agora.

1. Find alternative sources to supply resources;
2. Increase marketing efforts;
3. Strengthen existing resources, add complementary resources, and develop new resources;
4. Evaluation of Current Objectives and Current Strategy.

## 7 Recommendations

Agora is still not being able to accommodate enough customers. This is a general view of the customers surveyed, over half suggesting an increase. Unless this problem is solved quickly, the competitors of the store may take away those unsatisfied customer from Agora.

The cost of most perishable are very high compared to the general trend of the market. No matter how the marketing manager tries to explain the reasons behind the high price the customer would invariably tend to shift to the sources that provide them at a lesser price if they do not feel that the price they are paying is worth the convenience.

The recommendations suggested to Agora are as follows-

- The number of staff at the store should be increased because the customer feels that they spend more time to pay their shopping. They may be a source of more convenient of the customers.
- Agora must arrange their products as a way that customer can easily purchase all kind of products at a short time, because most customers remain busy so maintain their products with systematically for reducing the time consumption.
- Agora must increase the superior customer services by arranging best quality products.
- Environment providing discounts and placing the convenient outlets for customers.
- It must introduce more efficient techniques to avoid stock run outs that would negatively affect Agora's image of providing "convenience" Agora
- Agora should ensure the availability of products at outlets.

## 8 Conclusion

Agora's main concept hinges on its ability to meet the needs of a more advanced society where the working wife prefers to make at-a-time purchases of daily needs less than one roof. Form a careful analysis of the ideas

and marketing concepts at work in the operation of Agora, it has been possible to obtain an insight to the essential marketing practices adopted by such retail stores. In a highly volatile business environment the quest for excellence does not end easily. By adhering to proper supply chain management strategies and putting its target market in topmost priority, Agora has been able to edge towards competitiveness with few formidable rivals to challenge its present position. Evidently, by virtue of its high quality assurance, provision of a wide assortment of local and foreign products, and a touch of luxury to appeal to the mind of shoppers, Agora has been able to establish itself as a store that makes every effort to cater to customer satisfaction.

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([http://www.rahimafrooz.com/best\\_superstore/agora.asp](http://www.rahimafrooz.com/best_superstore/agora.asp)), December 28 and 29 2015, 2.00 pm and 10.00 am

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