

GCH Retail (Malaysia) Sdn Bhd – Digitalizing Giant (Malaysia)

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Abstract – *This paper proposed digital-based solutions to improve Giant's sales and revenue stream through digital transformation while maintaining or lessening the cost, also by improving its operating efficiency and e-commerce. These solutions will also bring betterment of Giant's customer experience. Business Model Canvas (BMC) framework, Literature Review, strategy canvas, value proposition design (VPD), environmental map and 4 Lenses of Innovation have been used as the methodologies for this paper.*

I. INTRODUCTION

Giant was founded in 1944 as a small grocery store in Kuala Lumpur, and expanded with the opening of the Teng Minimarket Centre in Bangsar in 1974. In 1999, Dairy Farm International Holdings bought a 90% interest in the chain, with the Teng family retaining the balance. By 2003, the holding company for the chain had changed its name to Dairy Farm Giant Retail Sdn Bhd, and the chain had eight Giant hypermarkets and 10 supermarkets as well as three Cold Storage supermarkets. Today, the company operates as a subsidiary of Dairy Farm International Holdings Limited and the name was changed to GCH Retail (Malaysia) Sdn Bhd.

II. BACKGROUND

Nowadays, the Internet has known as a powerful advertising and marketing tools for many companies to do commercial-transaction or well known as e-commerce while promoting and selling their goods and services at once all around the world, anytime and anywhere¹. Besides, e-commerce cover a wide range of numerous types of businesses from a small scale of business to a big scale such as retail services, music site, event services or exchanges goods and services between companies. Therefore, people presently tend to buy or do anything online.

III. PROBLEM STATEMENT

Giant have big competitors in Malaysia, among them we choose Tesco PLC, Alibaba Group Holding Limited, and Mydin PLC². Giant need to do transformation to stay in fight as a leading customer's choice hypermarket. In this era of globalization and digitization, Giant needs to review and transform its business model, supply chain, operations so that they can generate more revenue by enhancing their customer experience. Giant also need to revise their business model to reduce operational cost, bring in more key partners, improve their customer segment and also with new more customer friendly channel. Giant needs to grab the opportunities, because according to

¹ Source: <https://marketingland.com/10-reasons-digital-advertising-works-brands-108151>

² PLC – Public Limited Company

Megatrend, “Malaysia to have 125 million connected devices in 2025 with over 58 million mobile subscribers. Ninety-five percent of all netizens, or Internet users, will be active social network users, presenting a huge potential for digital marketing and eCommerce.”

IV. LITERATURE REVIEW

- **Mydin³**

MYDIN was founded in 1918 by GulamHusen Jamal, father to Mydin Mohamed in Penang. Their first hawker business was started on 1940. However, the shop was burnt down because of World War II and the family lost everything. But with strong determination, perseverance and faith has made his children, Mydin Mohamed, to continue the trades of wholesaling.

In 1957, he opened his first shop which was a small wooden shop named Syarikat Mydin Mohamed in Jalan Tok Hakim, Kota Bharu, Kelantan by selling toys and general merchandise with his own hard-earned money. With the help of his immediate sons, the business spreads its operations to Kuala Terengganu in 1979 and later made their presences in Klang Valley at Jalan Masjid India in 1989. From then on MYDIN has grown steadily. With its vision to be the world’s leading distributor of competitive halal-goods and services in Malaysia, it is now known as MYDIN Mohamed Holdings Berhad.

Mydin is now also moving toward digitalization as they recently use online platform to further expand their sales across the

country⁴, their supply chain will still not be affected in any way as the ordered item will first go through their physical stores/branches. Their website <https://www.mydin.com.my/> allow customer to select what item they want to buy. The customer can choose which branch, Mydin will then get the items ready. Customer will be given options whether to collect at Mydin Store pickup, **Locker Pickup** or **Home Delivery** which is very convenient.

³<https://en.wikipedia.org/wiki/Mydin>

⁴<https://www.thestar.com.my/business/business-news/2017/08/02/mydin-eyes-online-business/>

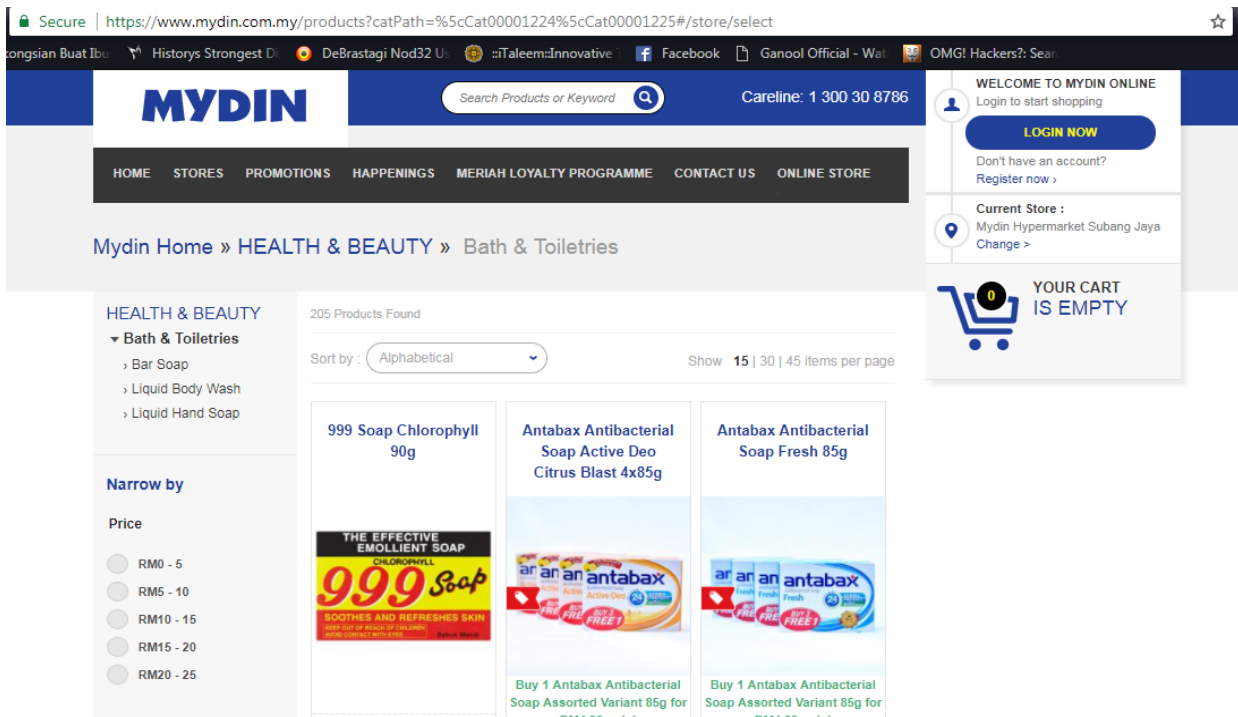


Figure 1: Mydin Online

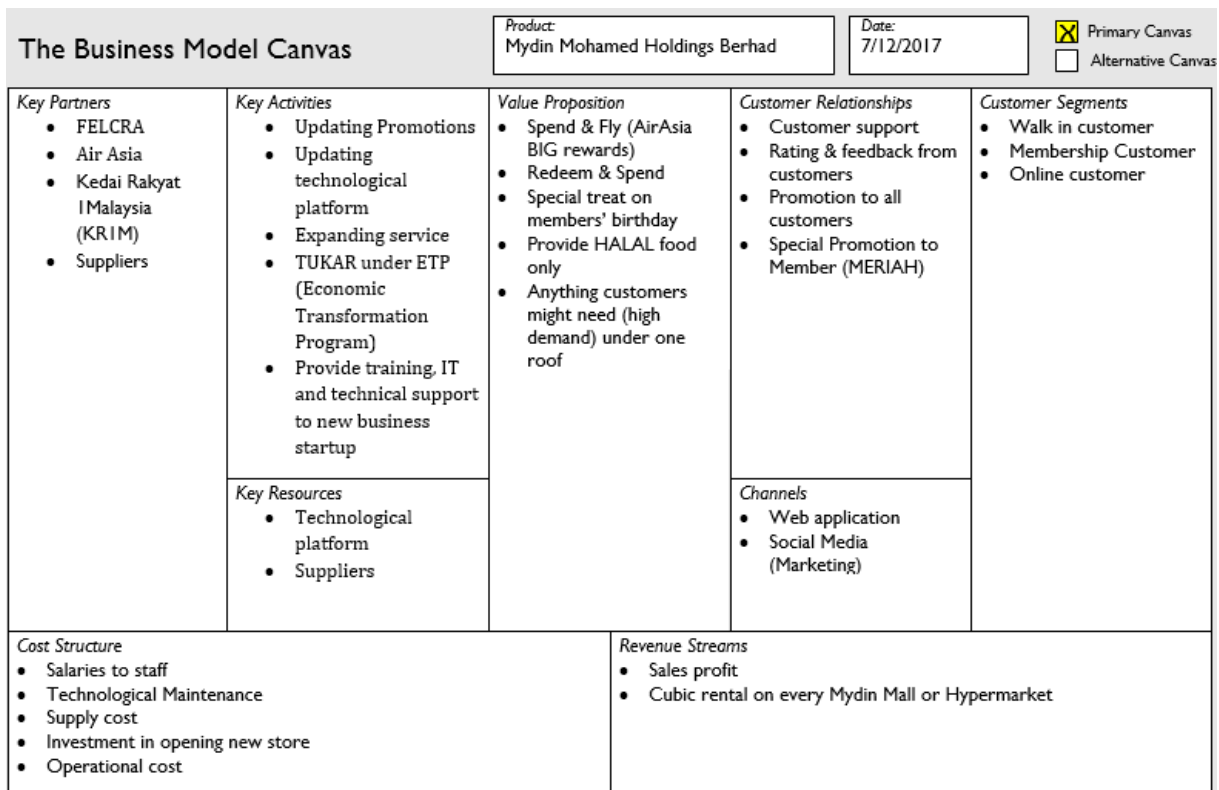


Figure 2: Author's understanding of MYDIN's BMC

- **Alibaba Group Holding Limited.⁵**

Chinese e-commerce company that provides consumer-to-consumer, business-to-consumer and business-to-business sales services via web portals. It also provides electronic payment services, a shopping search engine and data-centric cloud computing services. The group began in 1999 when Jack Ma founded the website Alibaba.com, a business-to-business portal to connect Chinese manufacturers with overseas buyers. In 2012, two of Alibaba's portals handled 1.1 trillion yuan (\$170 billion) in sales. Suppliers from other countries are supported (with more stringent checks than for Chinese companies), but the company primarily operates in the People's Republic of China (PRC). At closing time on the date of its initial public offering (IPO), 19 September 2014, Alibaba's market value was US\$231 billion.

As of November 2017, Alibaba's market cap stood at US\$486.27 billion. It is one of the top 10 most valuable and biggest companies in the world.

Alibaba is the world's largest and most valuable retailer as of April 2016, surpassing Walmart, with operations in over 200 countries, as well as one of the largest Internet companies. Its online sales and profits surpassed all US retailers (including Walmart, Amazon and eBay) combined since 2015. It has been expanding into the media industry, with revenues rising 3-digit percent's year on year.

As of August 2017, Alibaba has over 529 million monthly active mobile users across its platforms. It also provides an

online digital distribution service 9Apps, which hosts huge amount of content and applications for downloads.

In 2017, Alibaba became the first Asian company to break the US\$400 billion value mark. Alibaba's affiliate Ant Financial was ranked sixth in Fortune's Change the World list, recognized for the positive green environmental impact of its Ant Forest, the world's largest platform for tracking individuals' carbon footprints. Ant Financial and its partners have achieved considerable success in the reduction of CO2 emissions. Alibaba has also announced that it will invest 100 billion yuan over five years to build a global logistics network, underpinning an aggressive overseas expansion, and demonstrating Alibaba's commitment to building the most efficient logistic network in China and around the world. It is investing 5.3 billion yuan in Cainiao Smart Logistics Network to boost its stake to 51 percent from 47 percent. The investment would value Cainiao, a joint venture of top Chinese logistics firms, at around US\$20 billion. It is also rapidly expanding its e-commerce network abroad.

Recently, Alibaba has outperformed major cloud players including Amazon, Microsoft and Google in public cloud revenue growth, achieving triple-digit percentage revenue growth year-on-year.

Alibaba created a new live entertainment business unit under its Digital Media and Entertainment Group which focuses on ticketing, content creation and live experiences It has also entered a cooperation with JD.com to further develop China's parcel delivery efficiency, investing US\$330 million into its Chinese

⁵https://en.wikipedia.org/wiki/Alibaba_Group

merchandisers and logistics partners to build more facilities for delivery purposes.

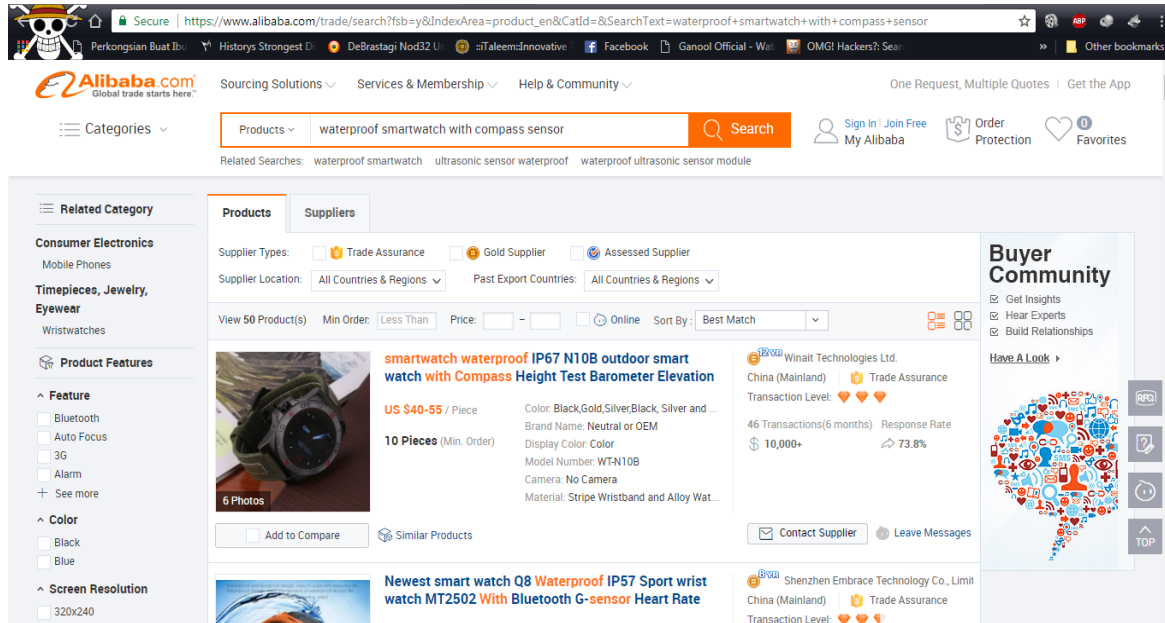


Figure 3: Alibaba.com

• Tesco⁶

Tesco PLC is a British multinational grocery and general merchandise retailer with headquarters in Welwyn Garden City, Hertfordshire, England, United Kingdom. It is the third largest retailer in the world measured by profits and ninth-largest retailer in the world measured by revenues. It has stores in 12 countries across Asia and Europe and is the grocery market leader in the UK (where it has a market share of around 28.4%), Ireland, Hungary and Thailand. Tesco was founded in 1919 by Jack Cohen as a group of market stalls. The Tesco name first appeared in 1924, after Cohen purchased a shipment of tea from T. E. Stockwell and combined those initials with the first two letters of his surname, and the first Tesco store opened in Burnt Oak, Barnet. His business expanded rapidly, and by 1939 he had over 100 Tesco stores across the country.

Originally a UK grocer, Tesco has diversified geographically since the early 1990s and into areas such as the retailing of books, clothing, electronics, furniture, toys, petrol and software; financial services; telecoms and internet services. The 1990s saw Tesco reposition itself; it moved from being a down-market high-volume low-cost retailer, to one which appeals across many social groups, by offering products ranging from its "Tesco Value" items (launched 1993[9]) to its "Tesco Finest" range. This broadening of its appeal was successful, and saw the chain grow from 500 stores in the mid-1990s to 2,500 stores fifteen years later.

Tesco is listed on the London Stock Exchange and is a constituent of the FTSE 100 Index. It had a market capitalization of approximately £18.1 billion as of 22 April 2015, the 28th-largest of any company with a primary listing on the London Stock Exchange.

⁶https://en.wikipedia.org/wiki/Tesco#Tesco_Bank

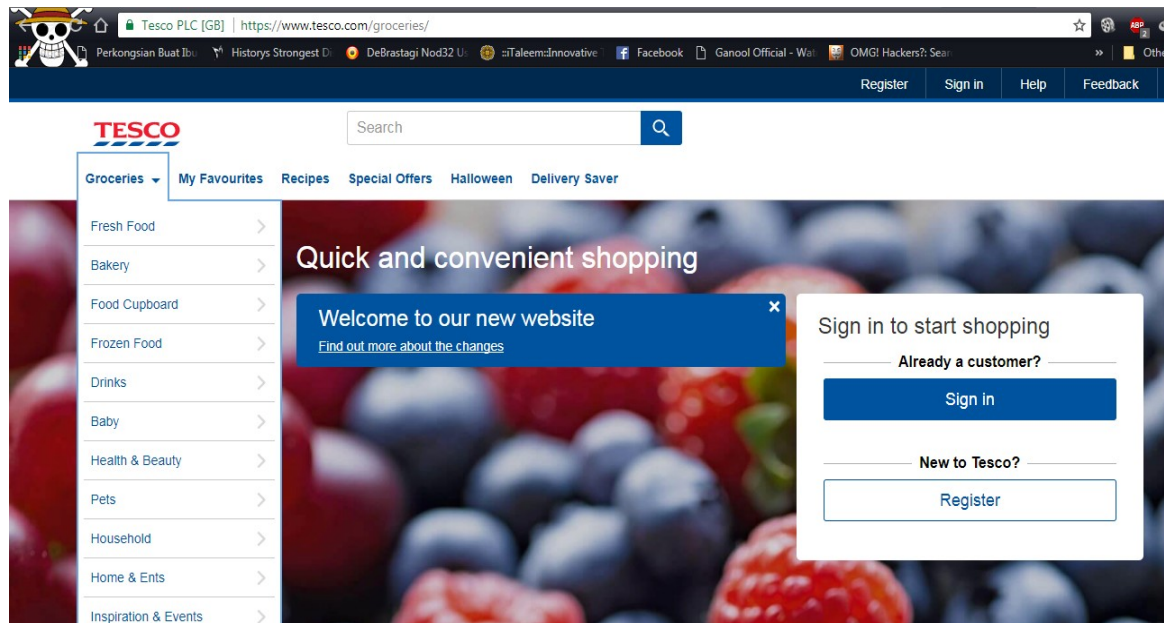


Figure 4: Tesco Online Store

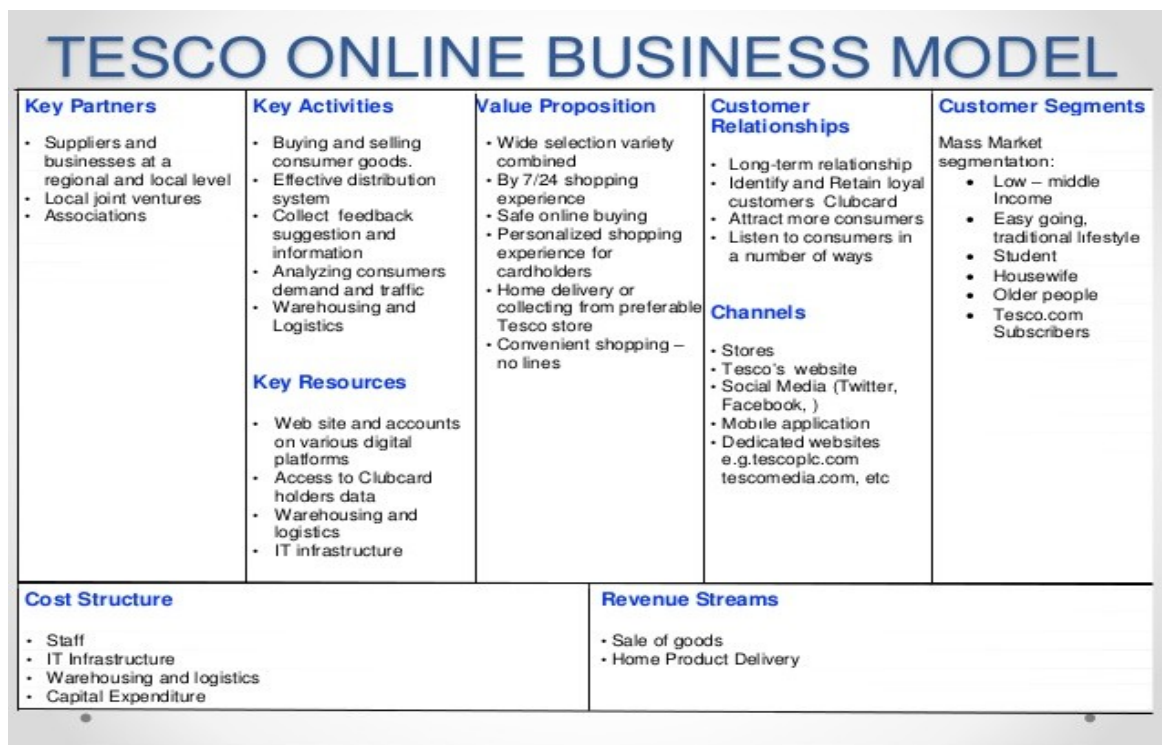


Figure 5: Tesco Online Shopping BMC

V. ENVIRONMENT MAP

- Key trends

According to Frost and Sullivan (2015), “Malaysia to have 125 million connected devices in 2025 with over 58 million mobile subscribers. Ninety-five percent of all netizens, or internet users, will be active social network users, presenting a huge potential for digital marketing and ecommerce” (p.10). Therefore, change proposed by using technological platform such as website and mobile application to promote sales so that it can attract more

customer to purchase from their online store. In addition, based on Frost and Sullivan (2015), “Social networking users in Malaysia are expected to nearly double to 25.6 million in 2020. Around 95% of Malaysian netizens will be part of social networking services” (p.47). From these statistic, it can be concluded that more internet user will using services provided and advertised in internet rather than visiting physical shop. Hence, conducting sales through website and mobile application are expected to be more reliable and profitable nowadays and in future.

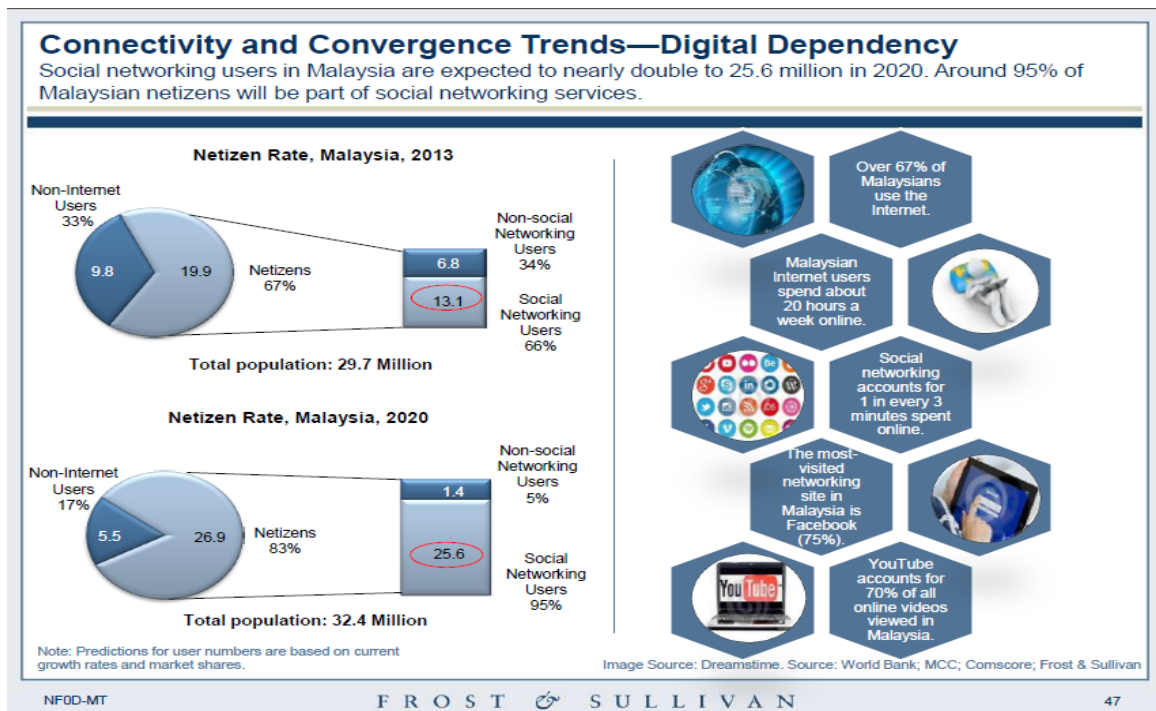


Figure 6: Connectivity and Convergence Trends

- Market forces

E-commerce is one of the most preferable method nowadays to promote product or services in cyber world. In addition, e-commerce is expected to generate profit in our economic sector. According to Frost and

Sullivan (2015), “Sales from online retail (eTail) to grow seven-fold to US \$6.1 billion in 2020, riding on the high smartphone and internet penetration, along with rising disposable income in Malaysia” (p.14). It shown in the figure below:

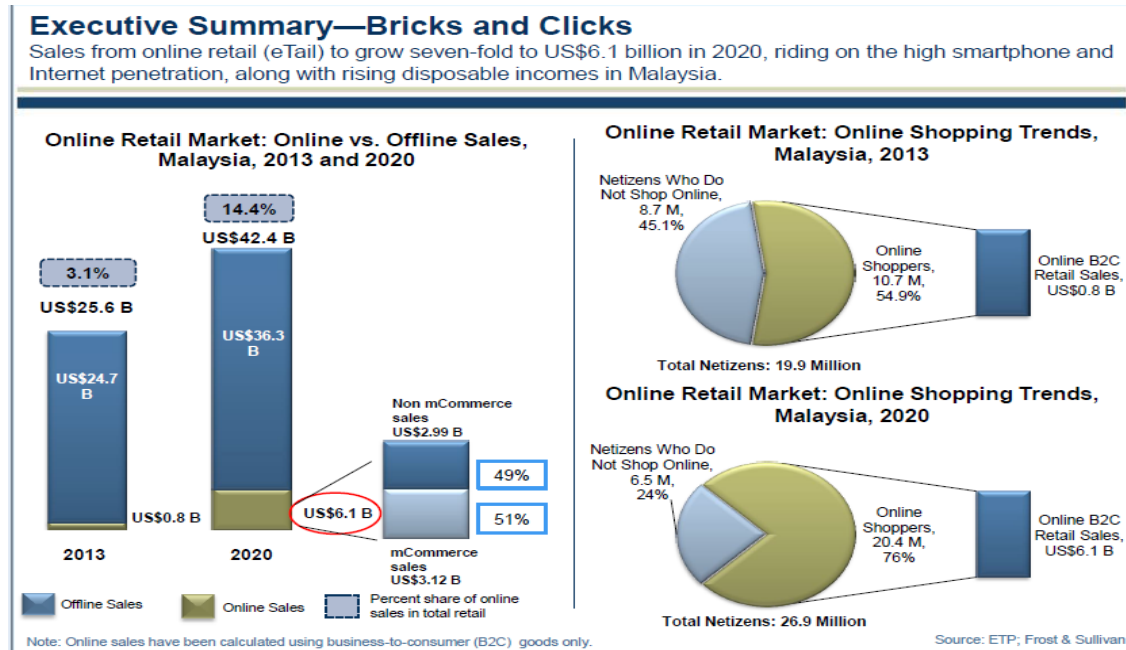


Figure 7: Online Vs Offline Sales

- Macro-economic forces

Internet economy is becoming bigger and bigger due to the technological development and the increasing number of internet users nowadays. According to Frost and Sullivan

(2015), “The internet economy (iGDP) market is expected to contribute 16% (US \$90 billion) to the GDP by 2025, up from 4.3% in 2010 as the importance of internet and digitally-connected solutions grows in the economic” (p.13).

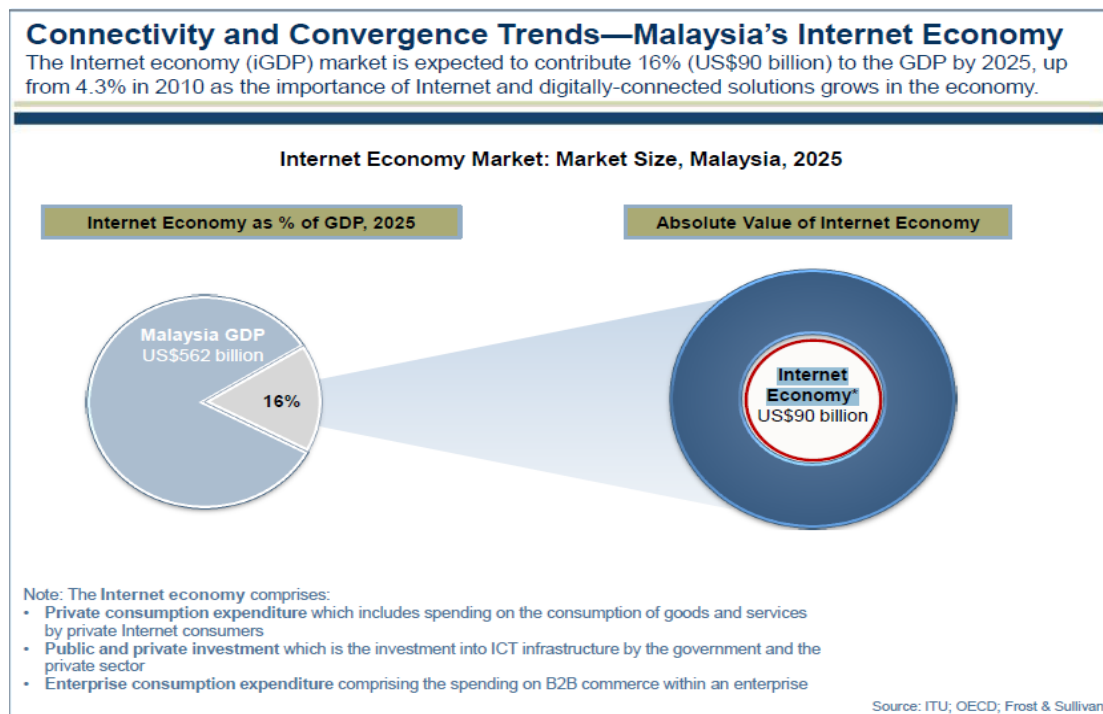


Figure 8: Internet Economy Market

- Industry forces
Online stores have becoming more popular these days. Starting from the biggest company to the small enterprise. There are so many advantages of establishing online platform. Because as mentioned before

citizen are now marching to be netizen. Everything is digital. There are many competitors in this industry. The only way to outperform others is by improving and adding features to the current e-commerce platform.

- C2C
Malaysian companies will witness new sources of revenue and offer new ICT-enabled services.

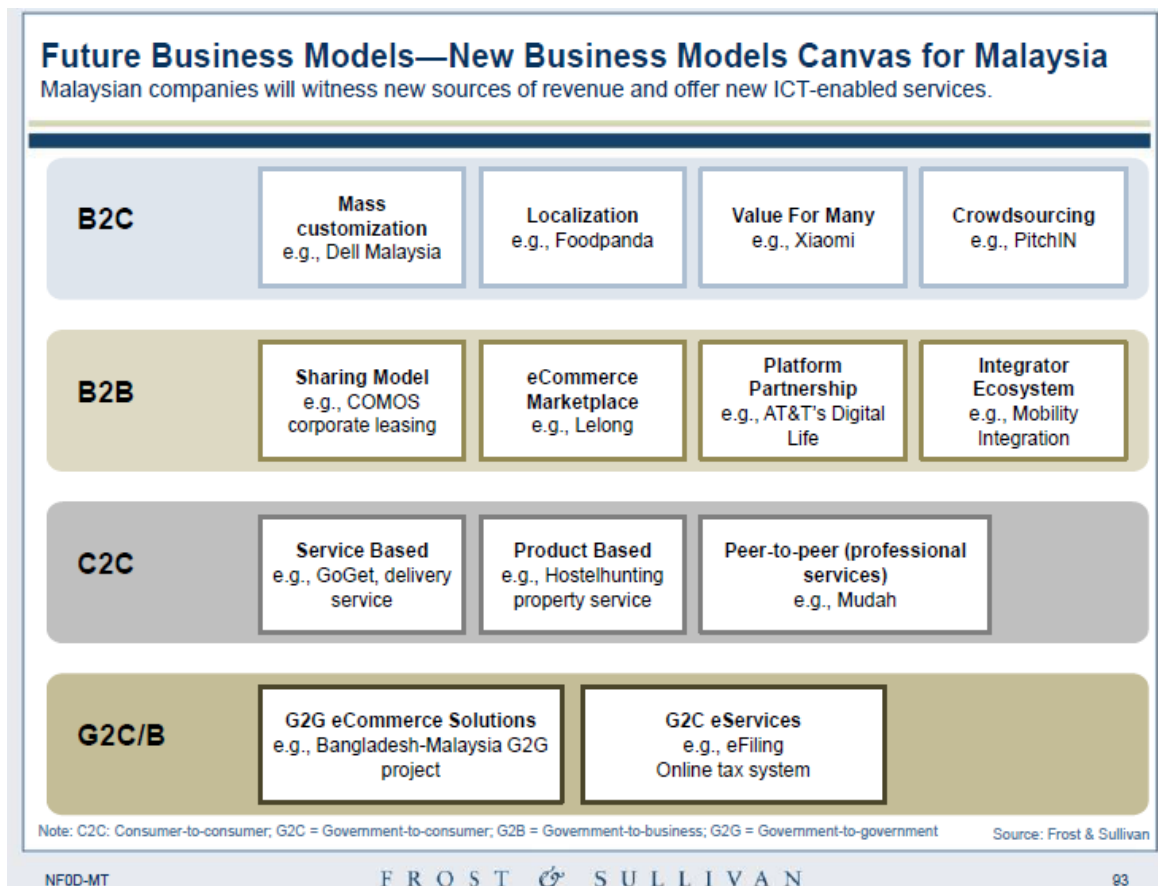
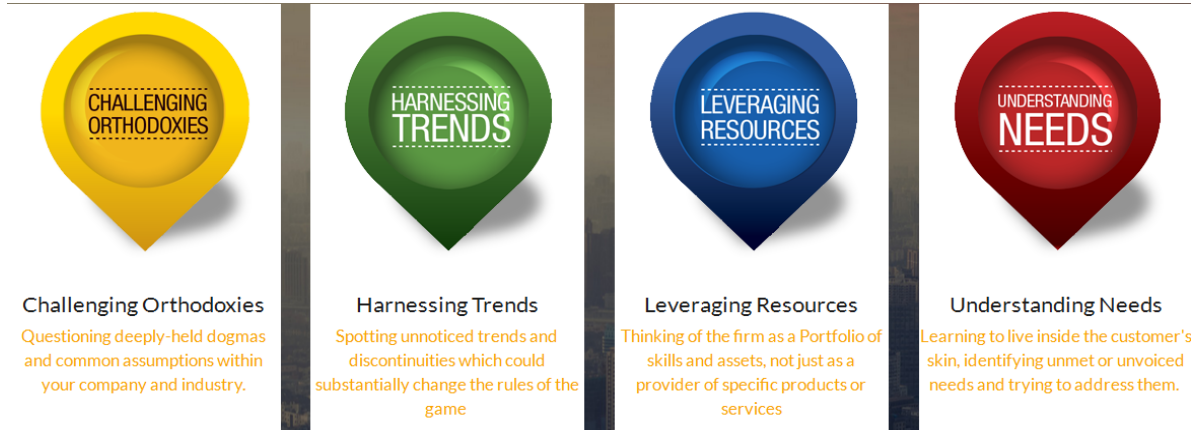


Figure 9: Future Business Model : C2C

VI. 4 LENSES OF INNOVATION

According to his book, Rowan Gibson shares his opinion on how organization can go through digital transformation following the concept of 4 lenses of innovation as shown below:



Based on this methodology, it emphasizes on where and what angle exactly they can start the digital transformation in the organization. It also explains the steps of planning strategies

for changes within organization to ensure the successfulness of the organization in recent modernize world.

VII. INITIAL BUSINESS MODEL

The Business Model Canvas		Company: GCH RETAIL (GIANT)	Date: 26/11/2017	<input checked="" type="checkbox"/> Primary Canvas <input type="checkbox"/> Alternative Canvas
Key Partners <ul style="list-style-type: none"> Major brand manufacturers Retailers Regional and international suppliers Banks(payment) Suppliers AirAsia 	Key Activities <ul style="list-style-type: none"> Selling products Marketing Delivering purchased products to customers Promoting customers to membership Preparing goods purchased by customer online to be picked up 	Value Proposition <ul style="list-style-type: none"> Accessibility Low price Range of product offer Redeem points collected by converting it to Big Miles on AirAsia Click and Collect (Drive Through) Click and Be Delivered Provide job to youngsters, hire them as delivery boy for small quantity and size of item Free delivery (< 10km from nearest retail store) Reasonable price for delivery (> 10km from nearest retail store) 	Customer Relationships <ul style="list-style-type: none"> Internal advertisement Personal assistance Self service Promotion/ discounts Cash rebate 	Customer Segments <ul style="list-style-type: none"> Regular customer Working people in traffic congestion-prone area Supplier
Key Resources <ul style="list-style-type: none"> Supply chain IT people Employees Product stock Initial investment Technological platform A fleet of delivery boy 			Channels <ul style="list-style-type: none"> Mobile Application (Android and iOS) Social Media (Marketing) Website Retail stores 	
Cost Structure <ul style="list-style-type: none"> Updating maintenance cost for technological platform & application Marketing expenses Products Employees' salary Transportation Cost for delivery system Renovating retail store for drive-thru system 		Revenue Streams <ul style="list-style-type: none"> Manufacturer rebates Profit on sales 		

Figure 10: Initial Primary BMC for Giant

VIII. INITIAL VPD

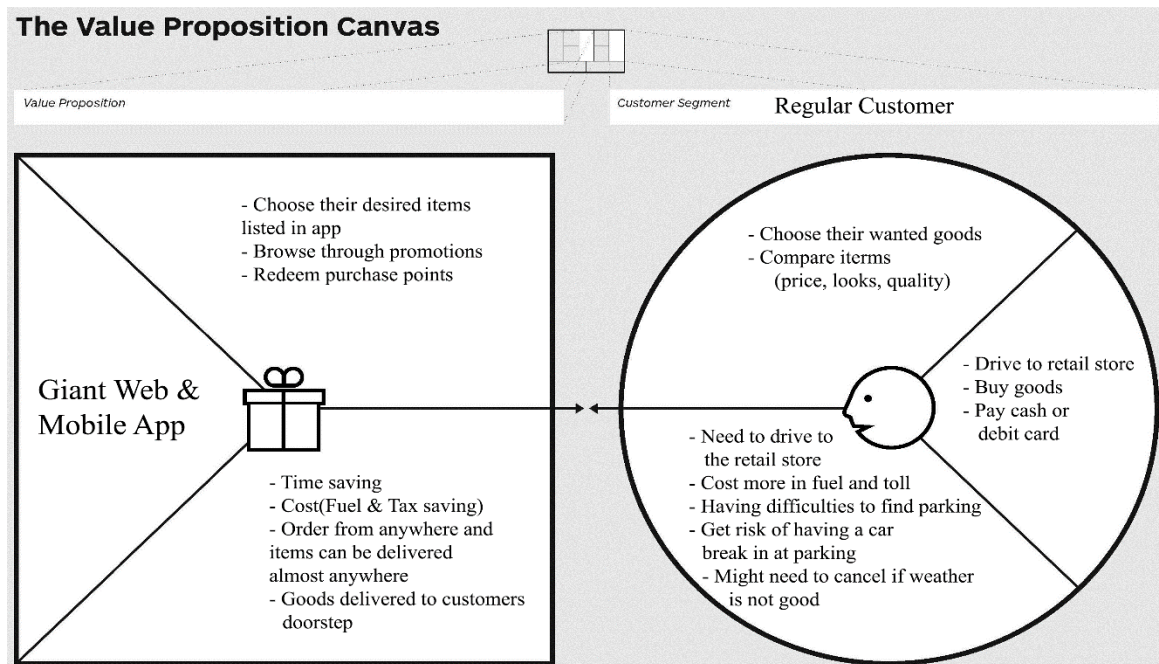


Figure 11: VPC for Regular Customer

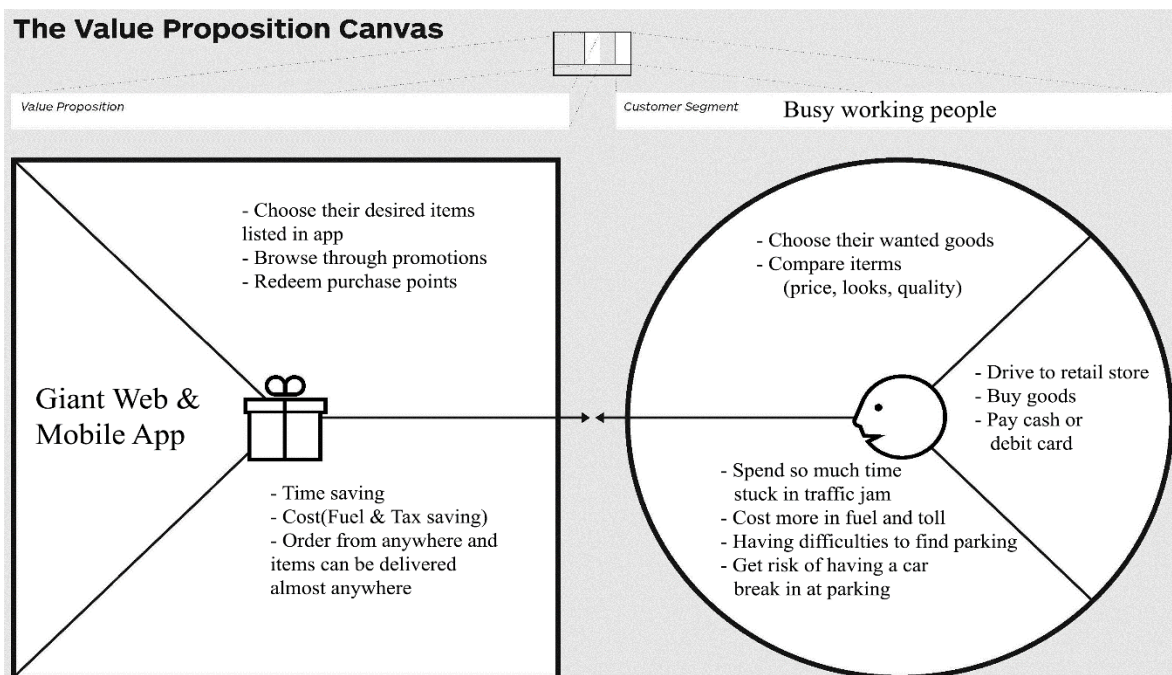


Figure 12: VPC for Busy Customer

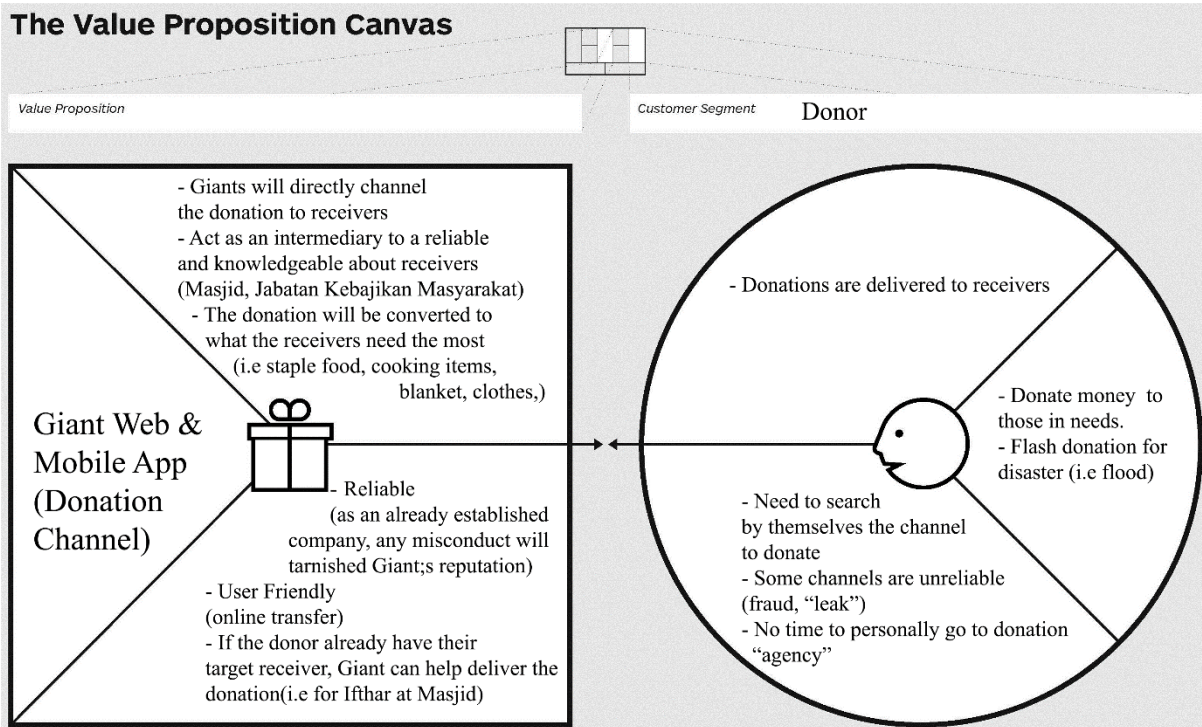


Figure 13: VPC for donors:

IX. ALTERNATIVE SOLUTIONS

a. Alternative Solution 1

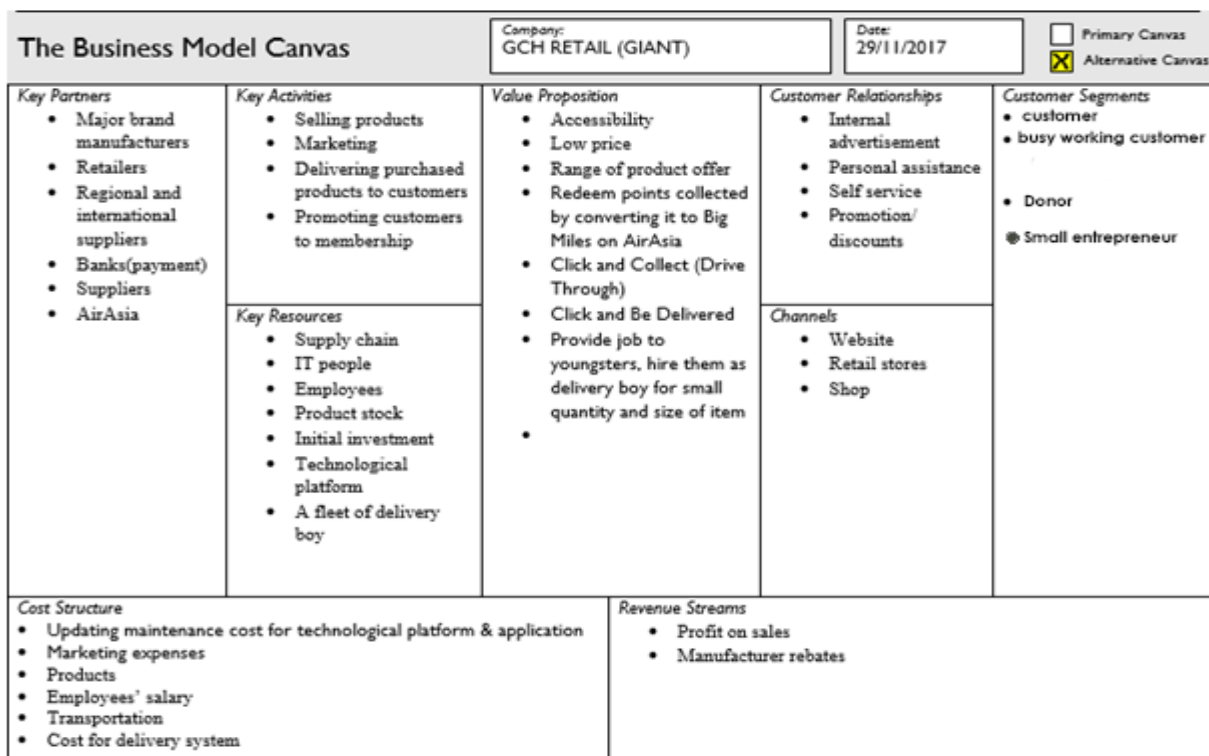


Figure 14: BMC for alternative solution

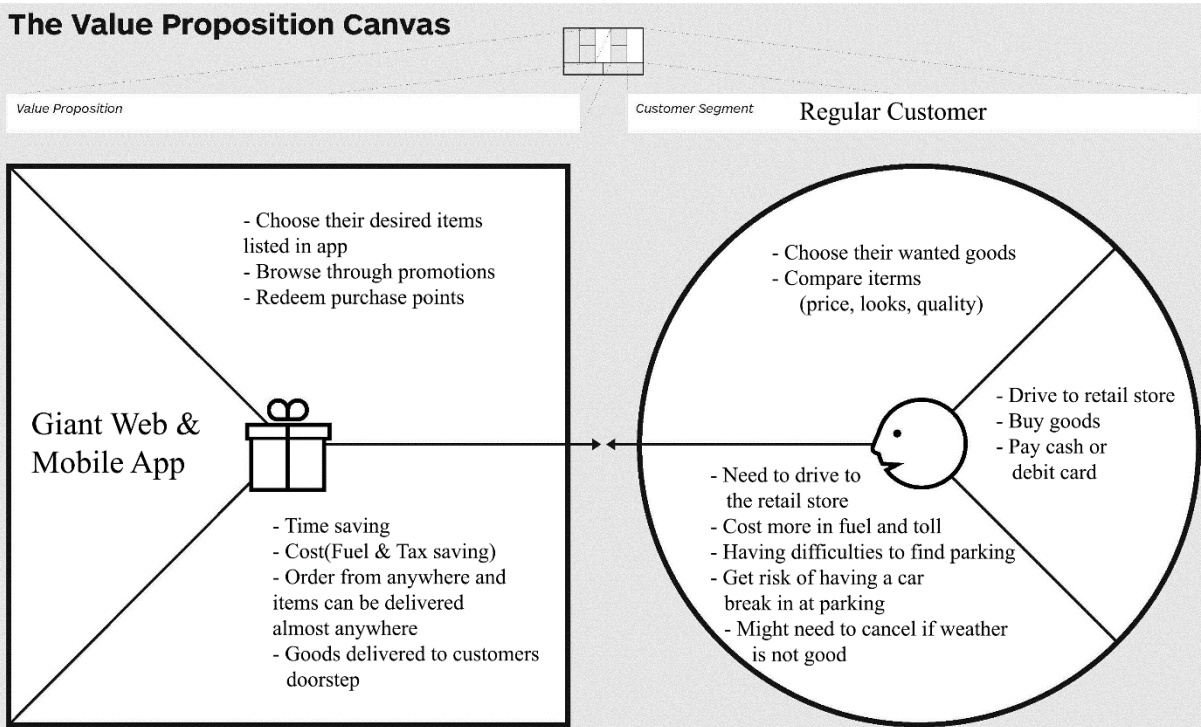


Figure 15: VPC for Regular Customer

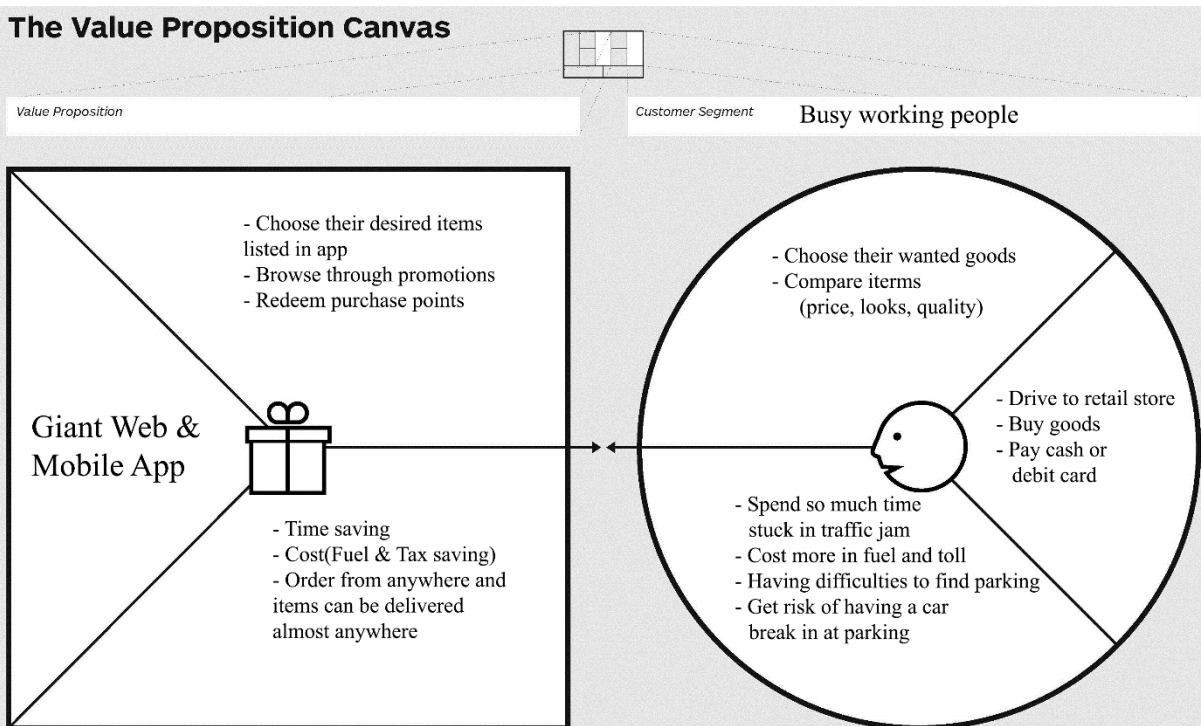


Figure 16: VPC Busy Working Customer

The Value Proposition Canvas

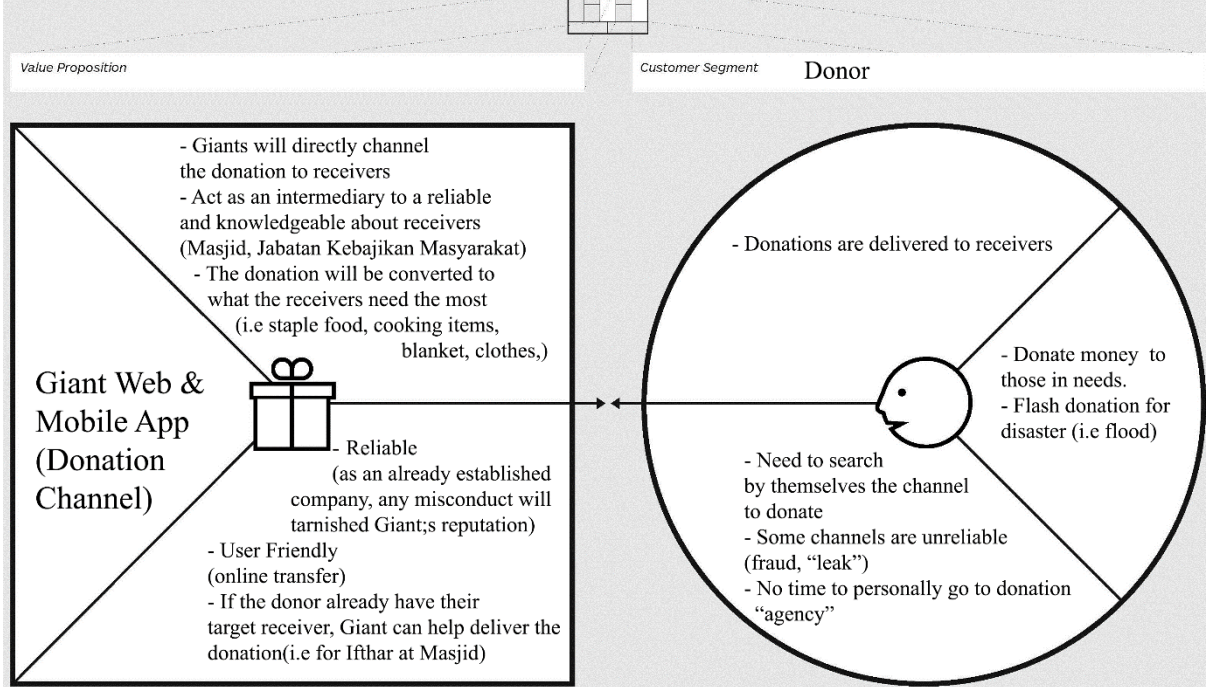


Figure 17: VPC for Donors

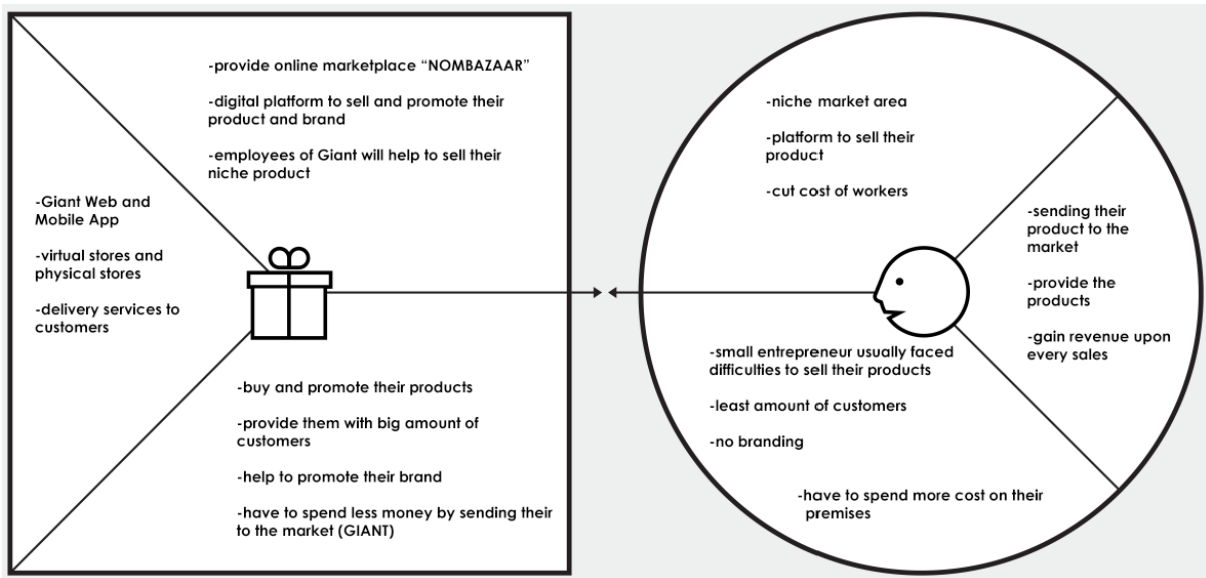











Figure 18: VPC for Small Entrepreneur










b. Alternative Solution 2

Key Partners  <ul style="list-style-type: none"> - Major brand manufacturers - Retailers - Regional and international suppliers - Banks - Flight company (AirAsia) - Telco company - TV Stations 	Key Activities  <ul style="list-style-type: none"> - Selling products - Purchasing products - Delivering purchased products to customers - Promoting and offer membership to customers - Preparing goods to be delivered to customers via online - Promoting items through catalogues and online platform - Collaborating with telco company and banks to do rebates competition - Branding 	Value Propositions  <ul style="list-style-type: none"> - Accessibility - Free access from home and everywhere when there is Internet - Low price - Range of product price offered - Click and Collect - Click and Wait to be delivered - Youngsters can join and work with Giant - Product's price including transportation costs - Good products - Free delivery (nearest stores will deliver the products) - Redeem points collected by converting it to Big Miles on AirAsia - Drive thru post to collect products provided 	Customer Relationships  <ul style="list-style-type: none"> - Internal and external advertisement - Personal assistance - 24 hours hotline - Sales and discounts - Cash rebates - Online customer service - Self service 	Customer Segments  <ul style="list-style-type: none"> - Buyers - Big suppliers - People who loyal to buy groceries at Giant 	
Key Resources  <ul style="list-style-type: none"> - Supply chain - IT expertise - Employees - Product stock - Initial investment - Technology - IoT - A fleet of delivery boy 		Channels  <ul style="list-style-type: none"> - Mobile apps (both Android and IOS) - Social media : Fcaebook, Twitter, Instagram (marketing strategy) - Website platform - Retail stores and factories 		Cost Structure  <ul style="list-style-type: none"> - Products - Employees' salary - Maintenance for technological and online platform - Marketing expenses - Transportation cost for delivery 	
			Revenue Streams  <ul style="list-style-type: none"> - Manufacturer rebates - Profit on sales 		

c. Alternative Solution 3

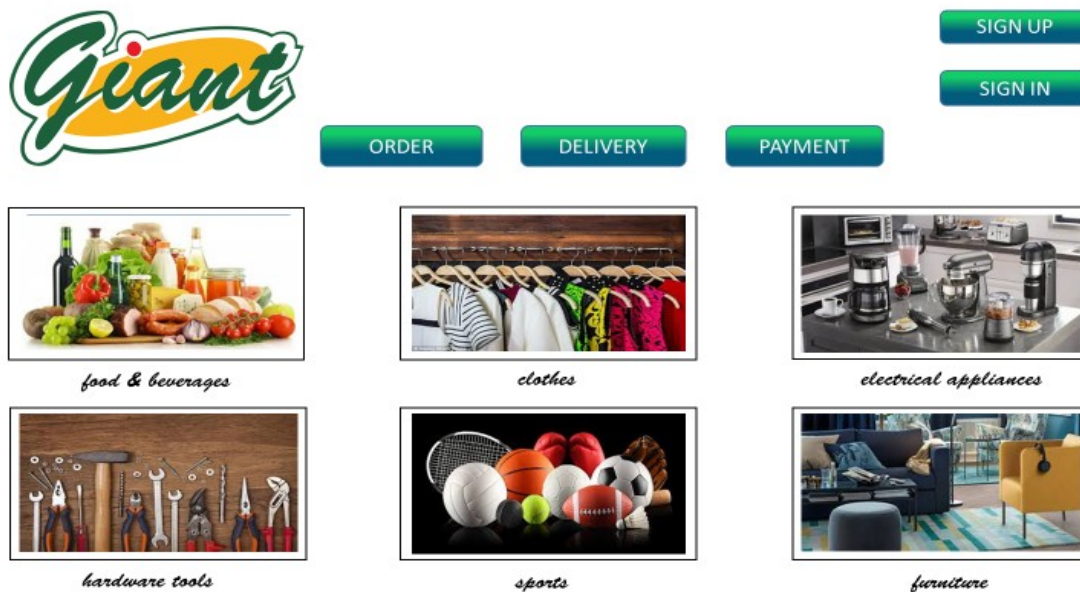
KEY PARTNERS <ul style="list-style-type: none"> Bottom of Fo Major brand manufacturers Retailers Regional and national suppliers Customers Banks 	KEY ACTIVITIES <ul style="list-style-type: none"> • Purchasing and selling products • Merchandising • Shopping experience • Visiting supplier • Product updating 	VALUE PROPOSITION <ul style="list-style-type: none"> • Quality • Accessibility • Lowest cost • Wide offer • Convenience • Best value • Food • Beverage • House cleaning products • Product updating hygiene products 	CUSTOMER RELATIONSHIPS <ul style="list-style-type: none"> • Internal advertisement • Personal assistance • Self service • promotion 	CUSTOMER SEGMENTS <ul style="list-style-type: none"> • Mass market • Segmented
COST STRUCTURE <ul style="list-style-type: none"> • Products • Employees' salary • Transportation • Cost driven • Value driven 		REVENUE STREAMS <ul style="list-style-type: none"> • Profit on sales • Manufacturer rebates 		
		CHANNELS <ul style="list-style-type: none"> • Website • Retail stores • Shop 		

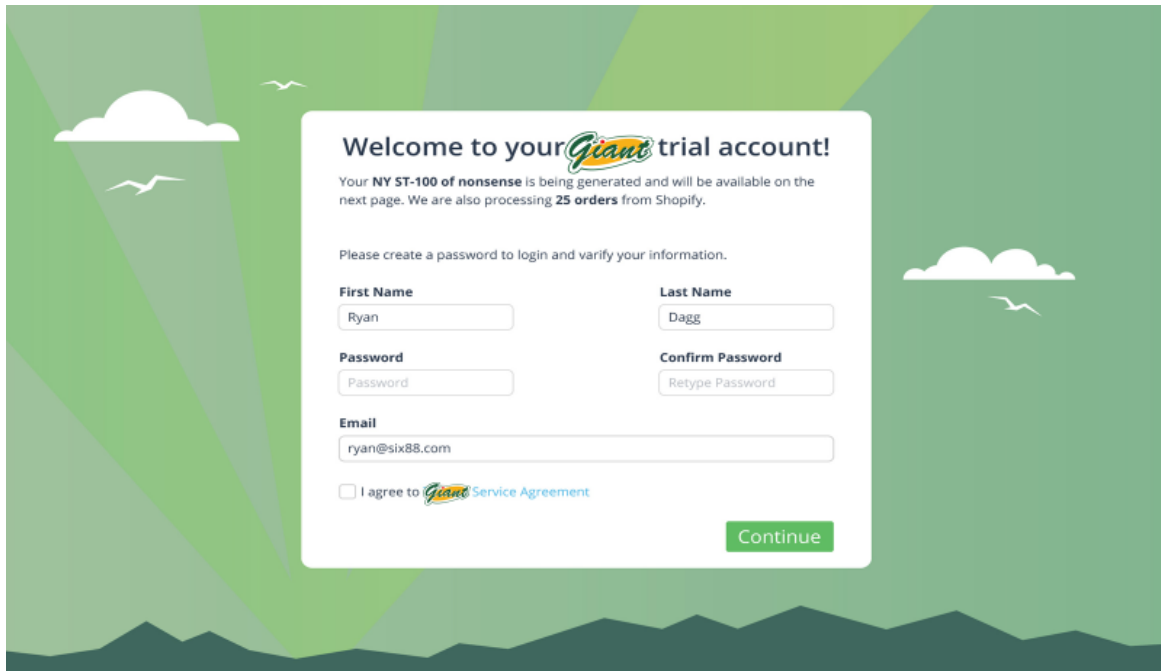
X. ENHANCED BMC AND VPC

Key Partners  <ul style="list-style-type: none"> -major brand manufacturers -retailers -regional and international suppliers -banks -flight company -telco company -tv stations -radio stations 	Key Activities  <ul style="list-style-type: none"> -charity event to help people -promoting and offer membership to customer -preparing goods to be delivered to customers via online -promoting items through catalogues and online platform -collaborating with telco company -helping small entrepreneur by selling and promoting their products 	Value Propositions  <ul style="list-style-type: none"> -accessibility -free access from home and everywhere when there is internet -low price -range of product price offered -click and collect -click and wait to be delivered -youngsters can join work with Giant -product's price including transportation costs -good products -free delivery (nearest stores will deliver the products) -redeem points collected by converting it to Big Miles on AirAsia -drive thru post to collect products provided -contract agreement with suppliers -open big opportunities for small entrepreneurs 	Customer Relationships  <ul style="list-style-type: none"> -internal and external advertisement -personal assistance -24 hours hotline -sales and discounts -cash rebates -online customer services -self services -niche product 	Customer Segments  <ul style="list-style-type: none"> -buyers -special customers -big suppliers -small entrepreneurs
Key Resources  <ul style="list-style-type: none"> -supply chain -it expertise -employees -product stock -initial investment -technology -IoT -a fleet of delivery boy 		Channels  <ul style="list-style-type: none"> -mobile apps (both Android and iOS) -social media -website platform -retail stores and factories -donor through mosques 		
Cost Structure  <ul style="list-style-type: none"> -products -employee's salary -maintenance for technological and online platform -marketing and advertisement expenses -transportation cost for delivery 		Revenue Streams  <ul style="list-style-type: none"> -profit on sales -manufacturer rebates -cut cost from electrical and water suppliances -from small entrepreneur 		

All VPC's are retained as in alternative solutions 1 (refer to Figure 15-18)

XI. CONCEPTUAL SOLUTION





Welcome to your **Giant** trial account!

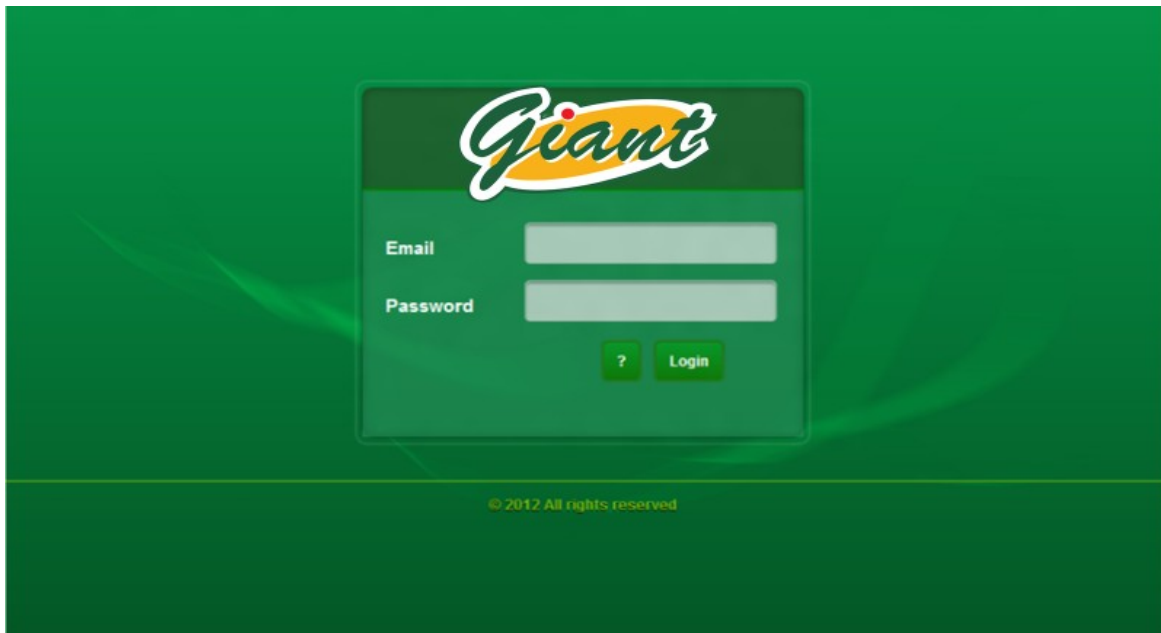
Your **NY ST-100 of nonsense** is being generated and will be available on the next page. We are also processing **25 orders** from Shopify.

Please create a password to login and verify your information.

First Name	Last Name
<input type="text" value="Ryan"/>	<input type="text" value="Dagg"/>
Password	Confirm Password
<input type="text" value="Password"/>	<input type="text" value="Retype Password"/>
Email	
<input type="text" value="ryan@six88.com"/>	

I agree to **Giant** Service Agreement

Continue

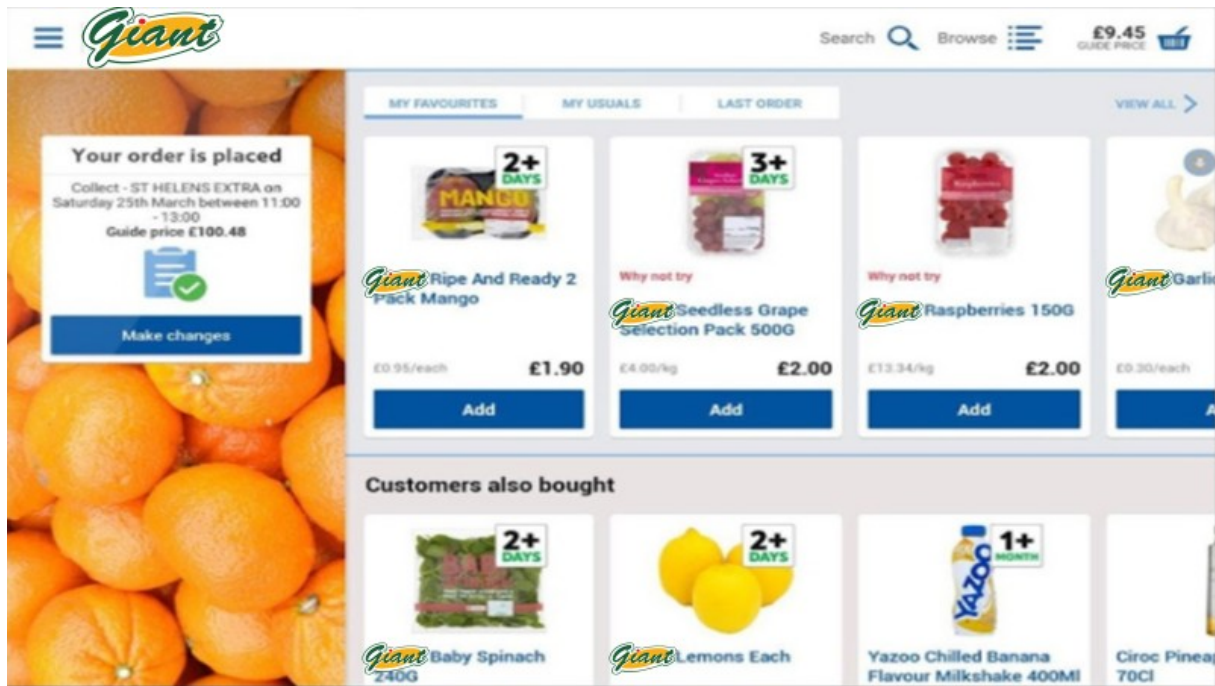


Giant









Email

Password

© 2012 All rights reserved



Your order is placed
Collect - ST HELENS EXTRA on Saturday 25th March between 11:00 - 13:00
Guide price £100.48
[Make changes](#)

MY FAVOURITES	MY USUALS	LAST ORDER	VIEW ALL >
 <p>2+ DAYS</p> <p><i>Giant</i> Ripe And Ready 2 Pack Mango £0.95/each £1.90 Add</p>	 <p>3+ DAYS</p> <p>Why not try <i>Giant</i> Seedless Grape Selection Pack 500G £4.00/kg £2.00 Add</p>	 <p>Why not try <i>Giant</i> Raspberries 150G £13.34/kg £2.00 Add</p>	 <p><i>Giant</i> Garlic £0.30/each Add</p>
Customers also bought			
 <p>2+ DAYS</p> <p><i>Giant</i> Baby Spinach 240G</p>	 <p>2+ DAYS</p> <p><i>Giant</i> Lemons Each</p>	 <p>1+ MONTH</p> <p>Yazoo Chilled Banana Flavour Milkshake 400ml</p>	 <p>Ciroc Pineapple 70cl</p>

WUFOO

Payment Summary

Please review the following details for this transaction.

Description	Item Price
Base Price	\$10.00
Which one do you want? <i>Dinosaur Shirt</i>	\$15.00
Total	\$25.00

Billing Information

Enter your payment details below.

Payment Method *



XII. CONCLUSION& FUTURE WORK

Industry 4.0 shows rapid growth of digital business and Giant should lead changes or at least follow the lead. By implementing the idea of opening digital store along with the already available physical store will surely help boost their revenue. Many troubled customers will benefit from the changes made to Giant. As it had been explained in Megatrend, C2C will become one of the changes brought to Malaysian Industry. IoT is needed to help in the development of Giant. It is important to implement IoT in digital stores such as using robots in managing the products and customers like Alibaba did. By using IoT, it is believed that Giant can spend less costs in paying employees' salaries and can spend less in other expenses. Hopefully, Giant can continue to survive in this ever-changing business world by keep track on Megatrends.

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