ACM-7038 INVC nms 24/8/01

Grocery Retailing In Malaysia: Improvements Through ECR Application

Nikki Lee Siew Hong Certified Public Accountant Malaysian Association of Certified Public Accountants 1991

Submitted to the
Faculty of Business & Accountancy
University of Malaya,
In partial fulfillment of the requirements for the Degree of
Master of Business Administration

February 2000

A510305127

Perpustakaan Universiti Malaya

TABLE OF CONTENTS

LIST OF TABLES					
ACK	NOWLE	EDGEMENTS	iv		
ABS	ABSTRACT				
СНА	PTERS				
1.0	INTRODUCTION				
	1.1	Significance Of The Distribution System	1		
	1.2	Objectives Of This Study	1		
	1.3	Research Methodology	2		
	1.4	Standard Questionnaire Employed In The Interviews	3		
		Of Key Personnel			
	1.5	Definition Of Terminology	3		
	1.6	Organisation Of This Study	4		
2.0	LITERATURE REVIEW		6		
	2.1	Brief Overview Of The Distribution System	6		
	2.2	Distribution System In Developed Countries	6		
	2.3	Distribution System In Less Developed Countries	10		
3.0	THE STRUCTURE OF SUPPLY DISTRIBUTION IN MALAYSIA				
	3.1	The Importance Of The Distributive Trade	16		
	3.2	Past And Present Profile Of The Distributive Trade	19		
	3.3	Comparison Of The Malaysian Distribution System	22		
		With Those In Developed Countries			
	3.4	Inefficiencies In The Present Distribution System	23		

TABLE OF CONTENTS

CHA	PTERS			
4.0	PERFORMANCE ENHANCING DISTRIBUTION PRACTICES			
	4.1	Summary Of Findings	26	
	4.2	ECR As A Distribution Management Strategy	26	
5.0	DEVELOPMENTS IN THE DISTRIBUTION TRADE			
	5.1	Emerging Trends In Distribution Trade	32	
6.0	CONCLUSION			
	6.1	Challenges To The Implementation Of ECR In Malaysia	37	
	6.2	Recommendations For Future Development Of ECR	37	
	6.3	Further Research	42	
APP	ENDIC	ES		
	Appendix A			
	Standard Questionnaire Employed During Interview			
	With	Manufacturer		
	Appendix B			
	Standard Questionnaire Employed During Interview			
	With	Retailer		
RFF	FRFN	CES	5 <i>′</i>	

LIST OF TABLES

Table 1	Contribution Of The Distributive Sector To GDP	16
Table 2	Employment By Sector	17
Table 3	Survey Of Wholesale & Retail Trade And Catering,	18
	1993, Key Indicators	
Table 4	Wholesale Trade, 1993	20
Table 5	Retail Trade, 1993	20
Table 6	Sales and Size By Output Size Group, 1993	21
Table 7	Total Self Service Stores & % Share Of Trade,	33
	Selected Countries	
Table 8	Total Supermarket Stores & % Share Of Trade,	33
	Selected Countries	
Table 9	Multi-National Retailers, Selected Countries	34
Table 10	% Share Of Trade For Top 5 Chains,	35
	Selected Countries	

ACKNOWLEDGEMENTS

Many people have helped me with this project in one form or another. The one thing that I have learned is that I could not have done it alone.

My special thanks go to Dr. Sieh Mei Ling, who provided the perspective for much of this study and who helped improved this manuscript immeasurably.

Most of all, I am grateful to my husband, Lawrence who has been my sounding board not only for this project but throughout the course of my MBA programme. I could not have completed my MBA without his patience and support.

And one last thanks to my fellow classmates, my lecturers and professors who have truly provided me with the real lessons throughout the course of the programme. You know who you are.

ABSTRACT

The increasing population of sophisticated consumers is demanding for more quality, variety and service but for less money and time. This emerging pattern of consumers demanding more for less - is an issue facing the increasingly competitive grocery industry today. The increasing number and importance of large multi-national retailers in Asia during the last 5 years is further challenging the grocery business. Certainly, the ambience of the front store of a Tops or a Carrefour is as appealing as in shops anywhere. But peer into the back room, go round the yard, follow the delivery trucks and we are back in the sixties. When there are pallets, they are of different sizes. When they are not any, cases of goods are thrown down from trucks only to land on their corners. Meanwhile, integrated links in the manufacturing - distribution chain remain in their infancy in Malaysia. The traditional supply chain can no longer support the industry in the most efficient manner in today's market. This study is an attempt to examine the structure and inefficiencies within the present supply chain in Malaysia and the changes that are likely and necessary to meet industry challenges in the near future.