

Parkson Retail Department Store

Merchandising Management Improvement



Parkson opened its first department store in Beijing Fuxingmen in 1994, positioning itself at the middle and middle-upper end of the People's Republic of China's ("PRC") retail market. Parkson is one of the first foreign department store chains to establish a presence in the PRC and it is one of the premier retail operators, with an extensive network of stores covering 35 major cities.

Parkson is now a renowned foreign brand with strong brand recognition focusing on fashion and lifestyle among the middle and upper middle class consumers. They have developed relationships with distinguished international and domestic brands, allowing them to offer a wide range of merchandise, reinforcing their image as one of the leading retail department stores in PRC.

ANALYSIS

With a growing collection of over 50 stores, Parkson's group management recognised that managing multiple stores effectively while maintaining the level of agility in their retail expansion, had become a critical matter. Determined to develop a more effective management system to support their current and planned outlets, Parkson invited Renoir to conduct a business analysis, leading to a pilot project at their flagship store in Beijing Fuxingmen. The main objective was to improve retail operations through more effective alignment of KPIs to drive behavioural change and management skills. A roll out to all stores, following the pilot was planned.

SCOPE OF WORK

The scope was divided into two main areas.

Merchandise management:

- Improved Operations Management Control System (MCS) and management skills to ensure the right information and skills are in place to make decisions
- Increased transparency over operational indicators to provide a better understanding of changes in sales and margins
- Improved brand management allowing for more effective management of margins

Promotion management:

The Analysis identified that there were no indicators to measure the effectiveness of sales promotion events held at the store. This area

of work focused on building a promotion effectiveness scorecard system for the activities' owners to record, analyse and improve. Following are the main objectives of promotion management improvement plan.

- Improved CRM and sales/margin data analysis allowing for smarter marketing decisions
- Improved understanding of customer preferences for better decision making
- Improved shop floor control and promotion planning for optimization of sales and margins

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APPROACH AND FRAMEWORK

Based on the agreed scope of work and improvement areas identified, practical tools were developed and customized to address those issues. Full-time taskforce members from Parkson worked closely with Renoir throughout the implementation phase to ensure that the knowledge and experience of implementation would stay with the organisation.

Following are some of the management tools implemented:

Management Control System: A store, GM level MCS was introduced and implemented, helping organize store management activities in a one-page framework. It also assisted the management team by its closed-loop management system, improve store operations with better transparency.

P-D-C-A tool: Although the Plan-Do-Check-Action (Deming cycle) is a simple and basic management logic that almost everyone is aware of, the reality is that until it is carried out, in practice, it is only a nice theory. The tool itself was customized to fit Parkson’s operations requirement, which store management can use for planning, execution, checking (with a number of analysis models) and action taking. The tool was genuinely effective in driving merchandise and promotion teams’ work efficiency and effectiveness .

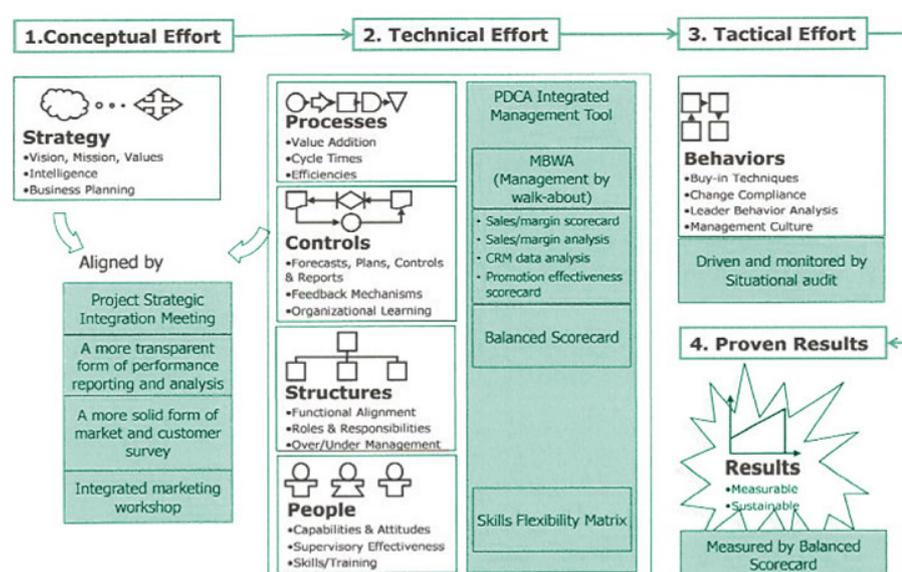
MBWA: Management By Walking About is also a very basic management principle, however Renoir has made it an effective and systematised process, fully incorporated into the floor management daily routine.

Balanced Scorecard: Renoir worked with the Fuxingmen team to develop and define a number of operational indicators, creating a more transparent and measurable view of store operating performance.

Situational audit: Behaviour change does not happen overnight. The Renoir team also introduced a way of auditing the organisational change while implanting project tools. The audit helps identify the level of change (Compliance, Understanding, Usage and Culture) within the project scope.

Integrated marketing workshop: By end of the project, the client management team was able to run the integrated marketing workshop with the store’s management, facilitating the alignment of the marketing plan and initiatives.

Following is the framework of the project which is aligned to Renoir’s change management model.



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Conclusion

Renoir's retail management approach helps a client from a tactical perspective by ensuring a structured implementation of management control system. Throughout the Implementation journey, Renoir acts as a catalyst across the client's organisation to facilitate the changes to systems and processes and support all levels of the management team in assisting progress of the integration.

Renoir's experience with behaviour change implementation programmes used in conjunction with a variety of proven management tools, some developed/or customised specifically for this project, have helped to ensure that the client's management team has made a great improvement in the way of planning and executing merchandise/promotion activities, and also the skill of analysing and improving the store operations performance.

THE RENOIR GROUP

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