

Central

Today



How can we
help you today?



CENTRAL Group

OMNICHANNEL SERVICES
OF THE FUTURE

Privilege Sponsors

CENTRAL Group

citi



CENTRAL GROUP

Omnichannel Services Of The Future

This case was prepared by Supawat Likittanawong, Adjunct Professor of Business Administration, BBA International Program, Thammasat Business School, Thammasat University for The Challenger Case Competition 2018. Copyright © 2018 by The Challenger Case Competition, Thammasat University

Booklet design by Isreeya Eksomtramate.

This case was written under the permission granted by the case company. This publication may not be digitized, photocopied or otherwise reproduced, posted or transmitted without permission of BBA International Program, Thammasat Business School, Thammasat University.

INTRODUCTION



“Central group being a leader in retail was able to look at different markets and develop appropriate strategies, however with the shift in consumer behavior we have to throw out some of our old beliefs. From now on, we have to adjust our online channel to integrate better with our offline network to become a strong Omnichannel player as fast as possible. This is to create a brand image for Central to be the center for all consumers needs which is the meaning of our brand.”

Tos Chirativat

Executive Chairman &
CEO of CENTRAL GROUP

Consumers today have a wide range of choices and channels to shop from, be it through regular brick and mortar stores or online (via websites, instagrams or applications). As long as they can find the deals that appeal to them and an easy shopping experience, they are ready to buy. The term omnichannel might not sound familiar to a regular consumer, however brands and retailers have begun to adopt and implement omnichannel strategies to cater to the needs of current consumers who want seamless shopping experience anywhere, anytime and through any channel. Be it online shopping from mobile phones on the train, at the office or while browsing items at the department store or by chatting with the retailer's personal assistant to purchase products via chat apps.

It's no longer as clear whether the shopper makes their purchase decision online or offline. The line has been blurred and the shopping experience has to be more seamless and continuous. Central Group being a leader in retail in Thailand wants to continue maintaining its leadership position through developing strong omnichannel experience and services.

THE CENTRAL GROUP

HISTORY OF CENTRAL GROUP

In 1927, 22-years-old Mr. Nitiang or Mr. Tiang Chirathivat, traversed the sea from Hainan in the Mainland China to settle down in Thailand. He married Ms. Whan and had their first child, Mr. Hokseng or Mr. Samrit Chirathivat. In those days no one could imagine that the little family would turn a new page of Thai merchant history.

The business began as a tiny retail outlet in Thonburi area, Bangkok. Later, in 1927, the store moved to Charoen Krung Road, at the corner of Captain Bush Lane in Bangkok's Si Phraya district. In the 1950s, the company grew with more and more stores selling different items. It was one of the first few stores in Bangkok that ordered imported goods for sale and was the first to set up merchandising displays.

“Our success grew out of our determination to bring Thailand into the modern world. We are committed to contributing to its prosperity and enhancing the quality of life.”

Samrit Chirathivat

Founder of Central Group

In 1973, the Chidlom store opened under the new "one stop shopping" concept. Here customers could come to Central and buy everything they needed under one roof. On 20 December 2005, King Bhumibol Adulyadej conferred on the company a Royal Warrant for its services, meaning they could display the royal Garuda emblem.



The company's property development arm, Central Pattana was founded in 1980, and opened its first shopping center, CentralPlaza Ladprao in Chatuchak District, Bangkok in 1982. Central Group has also in recent years built an online presence with a recent launch of many online channels. Today, the Central Group of Companies is a prominent conglomerate holding company in Thailand that has leadership positions in many sectors including Real Estate, Retail, Hospitality, Merchandizing and Restaurants. Its revenue in 2017 is THB

Business Units in Central Group



Central Group Operational Highlights

2017 Total Sales

THB 327,255 Mb

2017 Assets

THB 437,053 Mb

Store Network

More than 4,996 locations/branches

Net saleable area

Approximately 4,924,315 sq.m.

Employees

Over 94,150 employees

Loyalty Programs

The 1 Card, with over 13.5 million members

WHAT IS OMNICHANNEL?

Omni comes from the word Omnis which can mean all or universal. It has been defined as "seamless and effortless, high-quality customer experiences that occur within and between contact channels".

The emergence of digital technologies, social media and mobile devices has led to the significant changes in the retail environment and provide opportunities for the retailers to redesign their shopping experience, marketing, and service to customers. Retailers can leverage various ways and touchpoints to reach and provide better service to customers.

WHAT DOES OMNICHANNEL MEANS IN ACTION?

It means that for a retailer. If you have a brick and mortar store, a webshop, a CRM tool to reach the customers (email, SMS), a loyalty program. All this needs to interlink, and maximize to deliver seamless experience to your customers.

This means that:

- Customers should be able to browse products online, purchase online and be able to collect products in stores. This is called "Click and Collect" service.
- Customers should be able to use their chat application even for shopping. For example, Customers can get shopping assistance (through LINE chat with a Central shopping assistant), details about the product and purchase the product. An example of this service in Central Group is "Central Chat & Shop" and "Robinson Chat & Shop"
- If customers come to the store and products are out of stock in that store, staff can show and direct the customers to buy online and deliver the product to their home / or customers can opt to collect the product in store at a convenient time later.
- If customers purchase products online but they are unsatisfied with the product, they are able to come back to return the products in-store.
- If customers come to our store to get inspiration from experience goods (for example, product testing of food blenders, testing new lipstick, or try on new shoes), but they did not purchase in that visit. Customers should be able to go to our online channel or social channel / chat apps to purchase the products when they so desire.



Source: Mirum
(Thailand) Co., Ltd

CENTRAL GROUP OMNICHANNEL INITIATIVES

“Previously, we at Central know more than our customers. However, today our customers know more than we do. If we do not adapt quickly, our customers will move to shop through other channels and will no longer use our retail or even other services that includes hotels, restaurants including some of our branded products.”

Tos Chirativat

Executive Chairman &
CEO of CENTRAL GROUP

Central Group of companies is no longer just a traditional retail giant, as such the group realizes that traditional ways of doing retail might not be effective in this competitive environment where customers want a seamless and continuous shopping experience. Central Group has embarked on a full-scale digital transformation to maintain its growth and market leadership. One of its key initiatives is to become a leading omnichannel operator as soon as possible.

As evidenced by the growth of global e-commerce giants like Amazon and Alibaba who have continuously infringe on traditional retailers across the globe, this implies that there are still growth opportunities. As such, Central Group has continued to invest with budget of over THB 45 Billion in 2017 to open shopping malls, hotels and condominiums both locally and abroad. Central Group expects its revenue to grow by 14 percent to THB 300 Billion. Currently if we will to look at just the retail revenue, only about 1 percent is from online. But we believe this number will grow to 15 percent in five years.

"We want to be No.1 in terms of sales across channels, competing against giant chains, namely Lazada and Alibaba,"

Nicolo Galante,
Central Retail CEO



Central Retail CEO, Nicolo Galante, has an ambitious three-step plan to bring the group into the digital age.

© Bangkok Post Public Company Limited. All rights reserved.

To achieve this, Mr. Galante, Central Retail CEO, outlined business strategies for developing Central Online through three steps. The first is to align everyone with the same vision and strategy and change the organization in the retail group, which includes appointing a chief technology officer to help bring in all technology to support e-commerce and omnichannels for the group.

The second step is to ensure each store and business units integrates all omnichannel to improve the customer experience and the third step is to accelerate and drive Central Group to be the market leader.

Mr. Galante states that Central Group has many advantages over its e-commerce competitors such as Amazon and Lazada. Central has stores, customer data and customer knowledge across many different stores, locations and categories. The group employs more than 100,000 people. Particularly in Thailand and in Asia, people like to go to stores and shopping malls. Central has various stores and brands. These brands are an asset that Central Group can build upon. He also states that 2018 is a year of tests and learning for Central Group, bringing online all of its business units. While 2019 will be the year of reinvention of many store models and by 2020, Central will be clear leaders in most retail segments.

CASE TASK

“What are the omnichannel services that you should see tomorrow for Central Group with digital commerce playing an integral part of our business”

With Central Group's effort to continue our leadership position as omnichannel retailer, you are tasked to develop new and innovative omnichannel service ideas to deliver a continuous and seamless experience for our customers.

In developing your recommendations, we suggest you study our Central Group services thoroughly, to name a few:

- **Click & Collect Service:** Customers can browse, purchase products online, and collect products in-store.
- **Central Chat & Shop / Robinson Chat & Shop Service:** Customers can chat with our personal assistant via LINE chat application. They can get advice on products and purchase the products directly via LINE.
 - For example, if our customers need a red swimsuit to go to the beach for the weekend, he/she can chat with the personal assistant (or even take a screen shot of the red swimsuit he/she sees online and send to the personal assistant). The personal assistant can send her a set of pictures of the products from the store along with prices and product details. If customers like what they see, they can purchase the product. Products can be delivered to their home or they could collect and pay in the store.

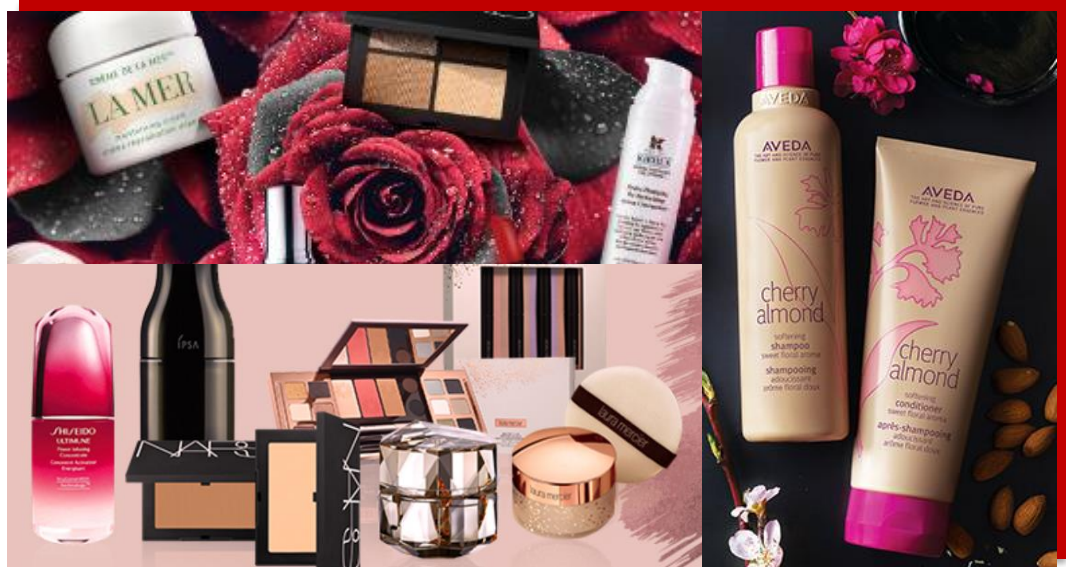
We are looking for ideas of this kind that leverage both of our online and offline asset to deliver seamless omnichannel experience to customers.

In your idea, you are free to leverage on any part of Central Group to deliver your solutions.

CENTRAL GROUP IS NOT LOOKING FOR AN OMNICHANNEL STRATEGY; RATHER WE ARE LOOKING FOR INNOVATIVE OMNICHANNEL SERVICES.

EACH TEAM HAS TO PICK ONE OF THE FOLLOWING CATEGORIES TO DEVELOP THE OMNICHANNEL SERVICES FOR CUSTOMERS OF THAT PARTICULAR CATEGORY.

1. BEAUTY



Beauty category includes make-up, skin care, fragrances. This category is typically located in the 1st floor of our department store (Central Department Store, and Robinson Department store)

Suggested store to visit: Central Department Store, Robinson Department Store

2. SMALL APPLIANCE



Small appliance category is a small domestic appliance / small portable electronic devices usually used on table tops and complete household / domestic tasks. This category includes coffee maker, food blenders, microwave oven, toaster vacuum cleaner, kettle, coffee maker, rice cooker, electric fan, air purifier, hair dryer etc.

Suggested store to visit: Power Buy, Central Department Store, Robinson Department store

3. SNEAKERS



Sneakers are sports-inspired casual footwear. These are shoes that typically designed for sports but mainly use for everyday wear, not exactly for sport purpose. Sneakers do not include performance footwear (e.g. running shoes)

Suggested store to visit: SuperSports, Central Department Store, Robinson Department store

For more information on Central on Demand and other services provided by Central Retail; please see Appendix I and II. Note: Central on Demand has been renamed to Central Chat & Shop.

CONCLUSION

Consumers are expecting seamless and continuous retail experience across multiple channels and they expect a highly personal and consistent experience regardless of which mix of channels they cross in the path to purchase.

To strengthen our position as the market leader, Central Group is looking for new and refreshing ideas that the group can implement to enhance the experience of our consumers.

APPENDIX

APPENDIX I.

Bangkok Post

CENTRAL DEPARTMENT STORE EMBRACES ONLINE

Published: 28/03/2018 at 04:00 AM

Despite technology disruption, Central Department Store remains upbeat that Thai department stores will survive, boosted by growing tourism and seamless offline and online integration by existing operators.

Piyawan Leelasompop, the company's executive vice-president for marketing, said the department store segment will never die and its prospects are expected to outstrip the country's GDP growth.

"We will put more emphasis on two strategic areas: tourism-oriented business and social platforms," Ms Piyawan said. "We have seen the continuous growth of our businesses in tourist destinations in nine locations, and we are scheduled to open one Central Department Store in Phuket and one Zen Department Store in Patong, the most recognised tourist area in the South, this year."

Some 37 million foreign tourists visited Thailand last year, and 30% of them were Chinese with high spending power, she said.

Retail stores have used deep discounts to compete with e-commerce.
Thanarak Khunton



Central Department Store began providing shopping on social media platforms last year via Central On Demand.

At present, Central Department Store offers services on Facebook, Twitter, Line and Instagram, with 1.2 million, 980,000, 5 million and 38,000 followers, respectively.

Central On Demand has 65,000 followers and recorded total orders of over 10 million baht in 2017. This year's orders are forecast to reach 100 million baht.

"We're offering a seamlessly connected omni-channel shopping experience," Ms Piyawan said. "We have seen a rapid increase in millennials at Central. In 2016, the portion of millennial customers was 12% of total customers, with the proportion expected to rise to 30% this year."

Central On Demand is aimed at customers aged 30-40, while physical stores target those aged 25-70 and e-commerce is for those aged 20-35.

Central on Demand became a full service in January. It makes shopping easier through three steps: chat, shop, ship. Customers can download the application and scan the QR code available at Central Department Stores or search @CentralOnDemand for Thai and @CentralOnDemandEN for English.

Shoppers can chat with staff to ask about the products, which will be sent to homes or can be picked up via Click & Collect at any Central Department Store.

Central on Demand is different from e-commerce because the latter only offers products available on the website and customers have to wait for delivery. Central on Demand provides a similar experience to shopping at a physical stores, she said.

Source: <https://www.bangkokpost.com/business/news/1436226/central-department-store-embraces-online>

APPENDIX II.

CENTRAL GROUP PROVIDE MANY SERVICES IN THE STORE WHICH HAS CONTRIBUTED TO THE STRENGTHS OF THEIR BRICK AND MORTAR FORMAT. THESE SERVICES CAN ALSO BE LEVERAGED TO CREATE OMNICHANNEL SERVICE.

THE SPECIALIST @ CENTRAL

To assist you with your lingerie and shoe purchases, let our trained specialists offer you advice & assistance. This service is currently available in Thai language only.

Available at every Central store & ZEN.

VAT REFUND

When the total merchandise purchased within one day at a single branch location is valued at over 2,000 Baht, tourists can claim up to a 6% VAT Refund by presenting their collected receipts and passport to obtain a VAT Refund Invoice. Please contact Customer Service Counter at every Central store.

RETURN & EXCHANGE POLICY OF CENTRAL DEPARTMENT STORES

Central accepts exchanges and returns with the following conditions:

1. Keep all your receipt(s), sales slip(s), full tax refund paper(s), and/ or Exchange or Return/ Refund Card.
2. Merchandise returns or exchanges must be made within 14 days from the date of purchase.
3. Merchandise returned or exchanged must be in the same condition as at time of purchase.
4. Merchandise returns or exchanges can only be done at the branch of purchase.
5. Merchandise that cannot be returned or exchanged includes swimwear, lingerie, accessories, fashion jewelry, cosmetics & fragrances, books & magazines, fabrics, and sale items.
6. Method of payment for returned merchandise shall be the same as on date of purchase. However, there might be some changes during the promotional campaigns of the store.

HOME & HOTEL DELIVERY

You Shop, We Drop. With Central Home Delivery, you can shop for whatever you need and leave the lifting to us. Your purchases can be delivered FREE from the store to your door for purchases of 10,000 Baht or more within one day at a single branch. To request Central Home Delivery at Central Chidlom, please contact any Cashier Counter or the Customer Service Counter 7th fl.

MERCHANDISE TRANSFER SERVICE

A Free Merchandise Transfer Service is offered at every Central Store. If you cannot find the size of clothes you want or if any merchandise is out of stock at the branch location you visit, Central is able to check the availability of the merchandise at other branch locations and upon request, merchandise will be transferred for the customer within 3 days. Please contact any Cashier Counter for more information.

BABY STROLLER

Baby Strollers are available in all branches at the Customer Service Counter. At Central Chidlom, please contact Customer Service on the 7th fl. Remarks: Please bring your current ID card.

WHEELCHAIR

Wheel Chairs are available in all branches. Please contact the Customer Service Counter. At Central Chidlom, wheelchairs are available at the east wing door, Soi Chidlom and the west wing door, Soi Somkid and the Busarakam parking lot (Basement). Remarks: Please bring your current ID card.

CENTRAL GIFT VOUCHER

Whether it be for a birthday, an anniversary, or simply a token of gratitude, Central Gift Vouchers are the perfect gift to give to someone special. Central Gift Vouchers are available at three price values: 200 Baht, 300 Baht, and 500 Baht. With no expiration limit and thousands of top-quality products in our department stores and business units to choose from, Central Gift Vouchers are as good as cash. For additional information, please contact Customer Service Counter at any Central store.



CENTRAL GIFT CARD

This year, express your holiday wishes with a trendy and stylish pre-paid electronic gift card in 3 new designs and 3 special occasion message options: Best Wishes, Especially For You, and Happy Birthday. These cards are available in 1,000 / 1,500 / 2,000 / 3,000 Baht denominations. The pre-paid gift card is valid for 2 years from the date of purchase and can be used at any Central store, Supersports, Marks & Spencer, and Tops supermarket (only at Central Stores). Please contact the Customer Service Counter at any Central store.

THE 1 CARD

With The 1 Card, you can earn points at any of the 280 total locations across Thailand of the following Central Retail Corporation outlets: Central Department Store, ZEN Department Store, Robinson Department Store (except Nakorn–Srithammarath and Phuket branches), Power Buy, SuperSports, B2S, HomeWorks, and Office Depot.



TOURIST PRIVILEGE CARD

In order to promote the tourism industry in Thailand, Central is pleased to present a 5-70% discount to foreign tourists when they make purchases at any Central Store (conditions apply). Simply show your passport or ID card to the Information/Customer service/Cashier counter officers of any Central Store, and you will receive a Tourist Privilege Card.



WESTERN UNION MONEY TRANSFER SERVICE

The international money transfer service that assists you in sending money to your family and relatives back home, even in times of emergency such as baggage loss or accidents while traveling abroad that require fast cash. Western Union is the fastest and most reliable way of delivering money to your final destination almost anywhere in the world in just a few minutes., 5th fl.

TAX INVOICE SERVICE

Customers can obtain full tax invoices from purchases made at Central Department Stores during one day at a single branch (except rental shops, B2S, Supersports, Power Buy, and at select TOPS where customers can obtain full tax invoices for such purchases at rental shops). Please contact Customer Service Counter at any Central store for more information. For faster service on your future transactions, please provide our Customer Service Representative with your telephone number so that it can be input into our system (at each branch). At Central Chidlom, this service available at the Customer Service Counter, 7th fl and at the Gift Registry Counter, 5th fl.

BAG DEPOSIT

For your convenience when shopping at Central Department Stores, we proudly introduce our reliable bag deposit service that includes a free delivery service to your vehicle. At Central Chidlom, this service is available at the Gift Exchange Counter, Housewares Department, and at the front counter of the Premiere Lounge.

LOST & FOUND

Customers can report lost or stolen items at the Customer Service Counter at every Central Store. Our Lost & Found Service will work with related units to find and return belongings to their owners. At Central Chidlom, please contact the Customer Service Counter on the 7th fl.

BANGKOK CITY MAP

Central provides maps and information on tourist sites and landmark locations throughout Bangkok for our Thai and international customers. We also offer tips and additional information for traveling in Bangkok upon request. At Chidlom, please contact the Information Counter 1st fl or the Customer Service Counter 7th fl.

There are also other services available to the customers such as Personal shopper, Lingerie specialist, Shoe specialist, Home specialist (for more details please visit Central Department Store facebook / video / youtube).



Privilege Sponsors

CENTRAL Group

citi

