

“Retail is detail.”

Alfamart is taking convenience a step further, with a revolutionary digital presence offering service and opportunities to even the most remote locations.

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You can't go far in Indonesia without spotting the distinctive red, yellow and blue logo of an Alfamart convenience store. There are 12,000-plus stores scattered across the country, with hundreds more emerging in the Philippines, providing a familiar, almost comforting, sight to more than three million customers a day in easily accessible neighbourhood locations.

Last year, Alfamart broadened its appeal online with the launch of Alfacart.com, an ecommerce platform the company boasts has the most online to offline (O2O) transactions in Indonesia. Whereas online shopping was previously restricted to residents of large cities, Alfacart uses its bricks-and-mortar stores as designated pick-up or return points for online purchases. This eliminates the need to deliver to remote and often impassable locations, increases foot traffic through stores, and enables cash on delivery, the preferred method of payment in Indonesia.

The range of goods offered has also revolutionised Alfamart's online presence, with shoppers able to purchase everything from fashion to electronics, lifestyle, kitchenware and gadgets to daily necessities.

PT Sumber Alfaria Trijaya Tbk is the business that operates the grocery store chain. It was established in Jakarta in 1989 by Indonesian entrepreneur Djoko Susanto as a trading and distribution company, and entered the retail sector in 1999, branding its stores Alfa Minimart before converting to Alfamart in 2002. It employs more than 112,000 people, making it one of Indonesia's largest employers, and enjoys a strong reputation for aiding the community in education, sport and environmental concerns. »



The *CEO Magazine* asked President Director Anggara Hans Prawira to explain more about the company and its continuing evolution.

The CEO Magazine: How long have you been with Alfamart?

Hans: I was a consultant working in the business consulting and corporate finance division of Prasetio Utomo & Co, Arthur Andersen Indonesia, from 1994 to 2001. I joined Alfamart in April 2001 as the CFO when we had only 43 stores.

As of 31 December last year, there are now 12,366 Alfamart stores throughout Indonesia, most of them located in residential, high-traffic and public areas. Through Alfamart's subsidiaries, however, the total number of stores operated by the company reaches 13,475 under several banners: Alfamart, Alfaexpress, Alfamidi, Dandan, and Lawson – under a licence agreement with Lawson Japan.

How did the business begin, and where was the first store opened?

The first Alfamart store was opened on 18 October 1999 in Karawaci, Tangerang, about 40 kilometres from Central Jakarta. Alfamart was founded by Mr Djoko Susanto, who started his entrepreneurial life as a traditional kiosk trader in Jakarta. He was operating a wet market, selling fresh meat and produce, and was partnered with Sampoerna, one of Indonesia's largest tobacco companies, and currently owned by Phillip Morris. In 2006, Sampoerna divested its shares and Mr Djoko took over as the majority shareholder.

What about overseas? Where has Alfamart expanded its footprint?

We are currently operating and developing Alfamart via a joint venture with the largest retailer in the Philippines, SM Investments Corporation.

By the end of last year, the joint venture was operating 210 Alfamarts

in greater Manila, and we hope to be doubling the number of stores every year from 2017.

What is the key to having a successful store?

While location is the key and obviously the most successful factor, I truly believe personal service to customers also significantly contributes to success.

With the community in mind, our cashiers are urged to know customers by name, and even become a friend to the customer. This encourages customer loyalty. But most of all, we offer happiness in our stores to go along with the Alfamart shopping experience.



while shopping, but also crave an enjoyable and engaging shopping experience. We have developed and implemented some digital initiatives to communicate with these shoppers via social media, and also use AR/VR technology and digital media in our stores to give customers greater interactivity and engagement with products. Furthermore, we have the *Alfagift* app, which allows users to be updated on our latest promotions and special deals.

Of course, the beauty of all this digital engagement is that it gives us measurability to track not only participation, but also the conversion rate of initiatives by linking it with our POS. However, our main customers are young mothers aged from about 25 to 35 years. They expect to shop for groceries at a convenient location and at a reasonable price. They need more time to take care of their families and don't want to waste time buying groceries. It also makes more economic sense for them because the stores are close to their »

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The majority of Alfamart customers are aged below 30. What attracts these younger people to your stores, and how do you market to them?

Around 53 per cent of Indonesia's population is aged under 30, and these millennials definitely represent the face of Alfamart customers. They have already changed market behaviour and successfully created a new trend. We understand that they are not just expecting convenience

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homes, so they don't need to pay for transport. We're careful to provide our customers with selected products tailored to their needs, rather than carrying large numbers of items in each category.

We're not interested in trying to change our shoppers' habits; we're more interested in trying to understand their habits.

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How do you go about monitoring your customers' behaviour?

We are continuously monitoring customer behaviour through focus groups and data analytics from external research institutions, as well as our internal CRM data analytics. We have developed and continued to build analytics capability to gain more insights from POS data.

Currently, we have more than 8.7 million members through our member card, Kartu Aku Ponta.

Next on the agenda is customisation, how we can deliver specific offers to specific groups of customers based on their shopping behaviour. Before, the offer was basically standard, one size fits all. Now, and in the future, we aim for one-to-one marketing for our customers.

We keep learning to understand them better, along with their shopping behaviour, which is continuously changing.

Can people pay their bills in store?

Customers can pay many of their bills at Alfamart: from utilities to health funds; TV and phones; financial instalments for their cars or motorcycles; or their land and property tax. We also provide remittance services, ticketing for transport, shows and theme parks, as well as ecommerce payment points. This is getting more and more significant for our business, particularly when you consider that the Indonesian payment system is still pretty much dominated by cash.

Alfacart has practically revolutionised your ecommerce presence. What was the thinking behind it?

In anticipation of e-shopping for the future, we launched our new digital channel, Alfacart, in May last year to replace Alfaonline. Currently, the business model of Alfacart is an e-marketplace with groceries as the predominant and anchor category. It functions as an extension of the existing offline retail business to strengthen Alfamart's presence as well as to tap into a new segment of customers.

Our aim is to leverage store networks to provide an open platform for an offline-to-online model. We believe that with a store network of more than 13,000 throughout the country, supported by an extensive supply chain of capabilities, we will be able to provide solutions for deliveries that have previously been impossible or difficult.

You've also introduced Alfamind, Indonesia's first 3D virtual retail store network. How does that work?

Alfamind, supported by MindStores' advanced AR/VR technology, transports shoppers into a virtual store environment, allowing them to buy or sell. With just a small investment, users can become an entrepreneur by opening an Alfamind store offering an infinite number of products »

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accessible from their own devices. This will develop entrepreneurship in our communities and empower small-to-medium retailers by providing and extending their market and customer base.

“With just a small investment, users can become an entrepreneur by opening an Alfamind store offering an infinite number of products accessible from their own devices.”

Describe your work culture, and how do you inspire your employees?

With more than 112,000 employees within the organisation, we really need to have common values to unite us as one big Alfamart family. We are very lucky, as our core values have been in force since our founding and are still very relevant today and for the future. They are the values of Integrity, Innovation, Quality, Productivity, Teamwork, and Customer Satisfaction.

All these are the key components that build our corporate culture. As a leader, I'm fully aware that I have to always position myself in the right place to be able to deal with any situation. I should be at the front when giving directions and sharing our vision, leading by example, and walking the talk – whereas in other situations, I really need to be in the middle, among the team listening and observing, dealing hands-on with details, because retail is detail. But I should also be at the back to push the team moving forward, to be the last guard that the team can count on.

What is your work-life balance like?

When working, I just want to do my best. It sounds simple, but making sure you're always doing your best is something that's easy to say but often very hard to do. We are too easily satisfied with good when we can do better and be doing our best. During my days off, I spend most of my time with family, particularly with my three boys. I enjoy my time being a father and being involved in my boys' lives. We love to visit new places and explore new things together.



What is the best business advice you ever received?

Just do it, but do your best in doing it. Sometimes we have too many considerations during the planning phase and lose momentum. In many cases, you just need to do it and learn from it. You will know exactly whether you have done your best, because you will find satisfaction when you do it. As long as you do your best, the result is no longer important. Even if it fails, it's just a delay for another success.

What is your long-term goal for Alfamart customers?

We will keep striving to provide reliability to our customers and the surrounding community and earn their trust – not only to know what their needs are but to anticipate what their needs will be.

We also want to be true community stores, not just a preferred grocery shop. We already have more than 150 community zones on the second floors of stores where the local community can use the space for events, such as cooking demos, health and nutrition sessions, kids' birthday parties, and even aerobic classes. We want to understand our customers, not change them. ■