

Retail trading

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Business Assistance Facility

CASE STUDY N° 05

JMART

COMPETING WITH INTERNATIONAL GIANTS IN LAOS' EVOLVING RETAIL SECTOR





JMART

f Jmart Laos

No. of BAF II matching grants received: **2 grants**

Types of BDS activity undertaken

- ✘ Mobile app development
- ✘ Software development

BDS providers used

- ✘ IQURI TECH
- ✘ Bussiness & Technology Co.

Locating Jmart in the retail landscape

Laos' retail industry has seen significant developments in recent years, driven by such trends as improving livelihoods, urbanisation and a youthful population; all helping to drive and influence the shape of economic growth. Despite persistent inflation since the end of the COVID-19 pandemic, there is a burgeoning urban middle class with an appetite for a more modern retail shopping experience. There is also growing demand for a wider range of consumer choices than can generally be found in the small family-owned stores and 'wet markets' that have traditionally dominated the retail sector in Laos. This is evidenced by the growth in convenience stores and supermarkets in urban areas.

As more retail shoppers now own refrigerators, demand for frozen goods has increased. Additionally, as consumers shift towards digital payments, retail stores must upgrade their point of sales (PoS) systems. The pandemic further transformed consumer behaviour, with online shopping and home delivery becoming a new trend that stores had to respond to, or risk being left behind.

Health and safety concerns, particularly regarding food, have become critical determinants of consumer choices. Shoppers are now more knowledgeable and discerning about what they buy and what they allow their families to consume. With greater options and improved incomes, customers can afford to be more selective.

As anyone in the food retail and supermarket business will attest, this is an extremely competitive sector. Price competitiveness is intense, and profit margins can be quite low, making the difference between business success and failure remarkably small.

One of the most well-known local retail distributors in Laos responding to these changing consumer preferences is Jmart; until recently a family-owned and operated business selling a wide variety of groceries and consumable products across seven convenience stores and two supermarkets dotted around Vientiane Capital.



Since opening its first store in 2011, the company has grown steadily, store by store, thanks to its focus on combining quality products with modern, fast and efficient service to clients. The company creates convenience to shoppers through the careful choice of store locations, as well as the provision of online services.



Jmart has been managed by **Ms. Lamai Keosavang**

who has served as its Managing Director, together with her siblings

Challenges: Fierce competition and the COVID-19 pandemic

Since day one, Ms. Lamai has anticipated competition from foreign retail giants like Big C and 7-Eleven, which are ubiquitous in neighboring Thailand and already enjoyed strong brand recognition in Laos before their recent arrival. Affluent residents of Vientiane often travel across the border, just 23 kilometers from the capital, into northern Thailand for leisure, healthcare, shopping and other pursuits. In September 2023, 7-Eleven opened its first store in Laos, followed by Big C, which opened its first hypermarket in April 2024.



Customers shopping at Jmart

Ms. Lamai and her siblings knew that, without some kind of competitive advantage, they would not be able to position themselves against rival retailers, and particularly the steady inflow of international brands to Laos. Therefore, in order to stay competitive, they realized they would need to speedily apply modern technology solutions to Jmart’s operations.

When Ms. Lamai came to BAF II with her first grant application, in April 2021, Jmart had contracts with more than 100 suppliers registered in Laos, and employed 314 permanent staff, of which half were women. Even though Jmart’s sales had been hard hit by the pandemic-related lockdown and travel restrictions – during which there were shortages of some products and delays in shipments to the firm’s warehouse – Ms. Lamai and her siblings remained steadfast in their plans to expand the business.



MS. VILAICHIT SENEMANGTHONG
BAF II Deputy Team Leader

“Jmart is one of the largest and most reputable Lao-owned retail businesses in Laos. It is known for its efficient management and well-defined business expansion plans. While many businesses were negatively impacted by the Covid-19 pandemic, Jmart turned the crisis into an opportunity. They quickly adapted to changing circumstances to ensure that their products and services remained accessible to consumers without interruption. This approach not only preserved jobs, but also increased revenues for the company.

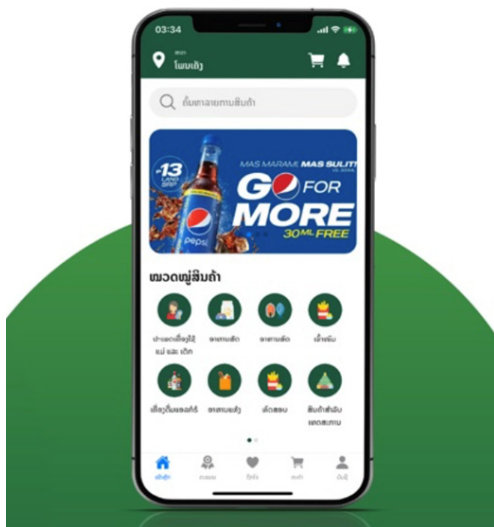
Working with Jmart has been an invaluable experience for me personally, as it provided insights into the critical challenges of running a business during a crisis, and exposed me to the complexities of problem-solving and overcoming obstacles. I am grateful for the opportunity to have been a part of this successful endeavour.”

Technology-enabled solutions

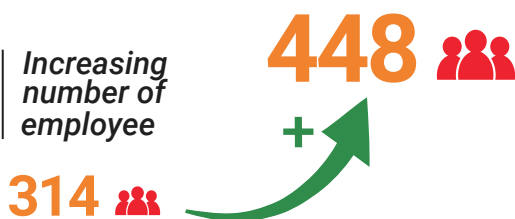
The first BAF II grant supported Jmart to develop a mobile app that allowed customers to order their shopping for home delivery. This enabled the company to pivot its business model to better suit the changing environment and consumer preferences during the pandemic. And once developed, the company was able to significantly reduce their costs, having previously shared around 20% of their profit margin with third-party delivery service providers.

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In the year following its first BAF II grant, Jmart opened a further two stores in Vientiane Capital, including its biggest store and current headquarters, and increasing its employee headcount from 314 to 448. With rapid growth and plans to expand to other provinces in Laos, Ms. Lamai submitted another grant application to BAF II in August 2022, this time to help Jmart develop a tailor-made enterprise resource planning (ERP) system.



The ERP system used by Jmart up to that point was based on ‘off the shelf’ software, which was becoming unfit for purpose as the business expanded. In the previous ERP system, all the accounting had to be done manually, and the language used was Thai. This resulted in several issues and human errors, so it was time to upgrade to a bespoke ERP system, better suited to Jmart’s specific needs.

The new software supports the company with shelf monitoring, inventory management, and data collection for analytics, among other features. The software can also track the results of in-store promotions and visual displays, as well as the presentation of goods on store shelves. This has proven effective

in increasing the efficiency of Jmart’s inventory tracking and supply chain activities. The internal analytics, such as goods tracking and promotion management, provide accurate data which helps Ms. Lamai to make well-informed decisions that will benefit the business in the long run.

Experience with BAF II

Reflecting on her experience with BAF II, Ms. Lamai was grateful for the support she received from the business advisors, emphasising that working with the team has been easy and friendly throughout. She feels that she has been able to openly raise issues and ask questions, and the team has always tried their best to find solutions and provide prompt responses. Based on her personal experience, she encouraged other companies to make use of matching grant facilities like BAF II, and to leverage the growing number of local and regional BDS providers that can help firms to unlock business growth.



DR. NICK FREEMAN
BAF II Team Leader

By leveraging the financial resources of the Kolao Group, it is expected that Jmart—now rebranded as Jmart kok kok—will continue to expand its business network and hire more employees for its increasing number of outlets. “BAF II is happy and proud to have played a role in just one chapter of Jmart’s ongoing journey,”

“We wish the company good luck and prosperity in the future, as it moves ahead under new ownership.”

Future plans and goals

Looking to the future, Jmart’s long term goal had been to expand nation-wide with the opening of more superstores. However, the main source of anxiety for Ms. Lamai and her siblings has remained the competition posed by larger chains, such as Big C and 7-Eleven, which have been rapidly increasing their footprint in the Lao retail sector.

In what was undoubtedly a difficult decision for Ms. Lamai and her siblings, they decided to sell a majority stake in Jmart to the Kolao Group: reportedly the largest private company in Laos with interests spanning automobiles, ride-hailing services, agriculture, and banking. Some time later, the remaining minority stake in Jmart was also sold to the same consortium.

Despite these changes, the investment Ms. Lamai and her siblings made in both the mobile app and the bespoke ERP system enabled the company to survive the pandemic and emerge as a successful and robust business that attracted acquisition interest. This is a common aspect of business in any country, where equity stakes in successful companies are frequently bought and sold.

From a development perspective, the actual ownership of a company is much less important than its ability to grow sustainably, generate incomes through job creation, pay taxes on profits, and contribute to the long-term prosperity of suppliers, employees, customers, and the wider community.

Key themes



Resources

<https://www.microsoft.com/en-us/dynamics-365/topics/erp/what-is-erp>

<https://www.ibm.com/topics/enterprise-resource-planning>

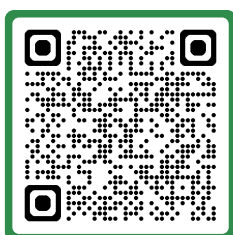
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<https://www.adb.org/publications/e-commerce-evolution-asia-pacific-opportunities-challenges>

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<https://www.mckinsey.com/featured-insights/mckinsey-explainers/what-is-e-commerce>

<https://www.pwc.com/sg/en/services/entrepreneurial-and-private-business/asia-pacific-centre-for-family-business-excellence.html>



SCAN HERE

for accessing a digital version of this case study, in English or Lao language



“I am very glad to have learned about the BAF II project, which encouraged our business to accept executive risks and try new things. At the time of the pandemic, consumers were unable to travel easily, and we saw the potential of an online sales channel to fulfil customer demand.

However, we were hesitant to invest at that time. BAF II gave us the courage to take action and try something new. As a result, online sales have become a new sales channel for us and have contributed to our current sales growth. Upgrading our back-end system was also supported by BAF II, and created a hugely positive impact for our business, most notably in terms of time saving, cost reduction and fewer human errors. I would like to take this opportunity to truly thank the BAF II project for its generous support.”

MS. LAMAI KEOSAVANG

Deputy Managing Director