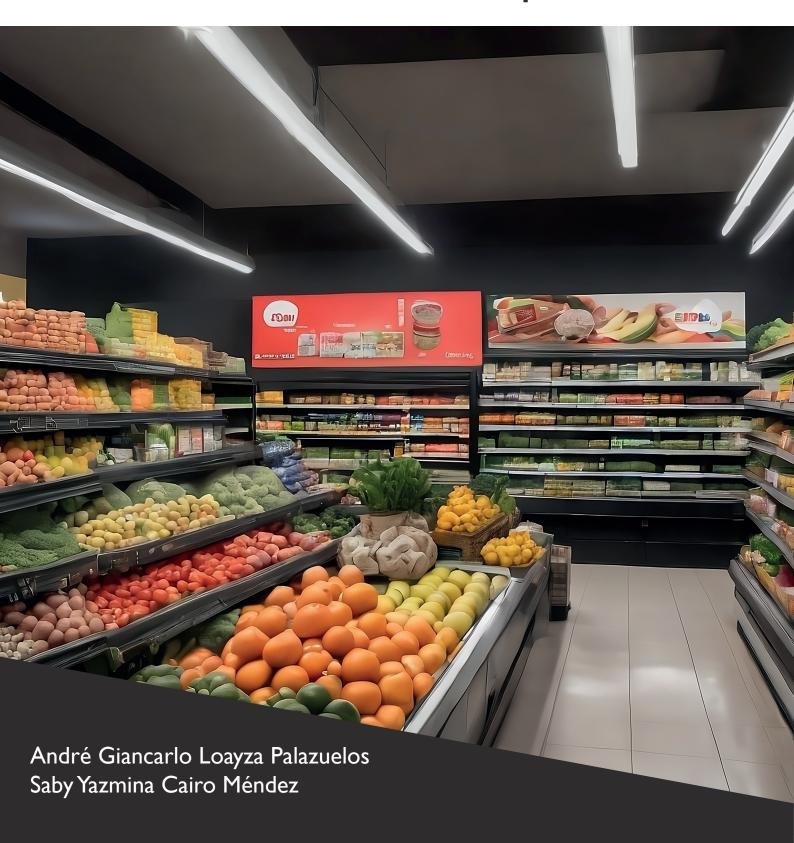
TAMPU SUPERMARKET® - Casa de Especias





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Prologue

TAMPU Supermarket® "Casa de Especias", is a Supermarket Chain located in the city of Juliaca in the Puno region Peru, area which is characterized by being a highly commercial area since it is an obligatory step on the Peru-Bolivia-Chile tri-border. Juliaca has air routes (it has an international airport), fluvial (which flow into Titicaca Lake) and of course highways and roads. The principal economic activities are: Commerce, Mining, Agriculture and Tourism.

Due to the accelerated growth of the region (GDP 3% per year), a population of 300,000 inhabitants by 2020, and the access to internet and mobile wires there is a growing demand for modern retail consumption centres. The main competitors are the supermarket chain "Plaza Vea" and the local "Mía Market" that basically serve the downtown of the city. The most neglected area is the south-west area called "La Capilla" where there is a high commercial flow due to the airport, universities, institutes, roads, hospitals, sports and industrial centres, which represents a great opportunity.

Our Business Model has an ultimate goal: "Enhance the quality of life of the users bringing them comfort, modernity and development, leading the retail industry in the south of Peru". To obtain the aforementioned objective a key-stone of our strategy is: "Hire 100% native population from the regions giving them business education".

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Chapter 1. Introduction

What was done

The founders of TAMPU Supermarket® have always had an entrepreneurial spirit. We have had the dream of starting a new venture that would make a positive impact on the citizens of Peru. As long-term residents of Juliaca, we have always felt that it is strategically positioned to be an important economic hub in the south of Peru. Therefore, we set out on investigating economic opportunities that we could pursue in this city. We studied local newspapers and media reports and surveyed locals to establish business ideals that could flourish in Juliaca. After a thorough analysis, we settled on founding a supermarket chain. The supermarket would stand out from the competition by applying formal processes and hiring only the native population.

How it was made

We came up with the idea of TAMPU Supermarket® after investigating newspapers and media reports. Most of these reports had noted that the supermarket sector in Juliaca lacked professionalism. Experts believed that any supermarket that could implement formal structures and apply evidence-based industry practices could gain a competitive advantage. We settled on establishing a supermarket chain because we felt that we had the capacity to formalize our structures and operations and apply universal standards in running the chain. Afterwards, we conducted a market survey we conducted a market survey on the residents of Juliaca to determine their opinions about what they would like to see introduced among supermarkets currently operating in the city. We did a textual analysis of all responses to identify the most popular themes.

Results

The analysis revealed three popular themes among the respondents. The first theme was informality. Many respondents noted that current supermarkets were too informal, which made the shopping experience more stressful. The second theme was lack of supply. Many respondents noted that they did not always get what they intended to purchase due to frequent stock-outs in existing supermarkets. The third theme was lack of job opportunities for locals. Many respondents noted that existing supermarkets had the tendency of employing people who are not from Juliaca. Non-native workers did not understand the needs of locals. Thus, they could not provide satisfactory customer service to shoppers. Our supermarket is founded based on these three themes. It will have formal structures to enhance the customer experience; it will employ the latest technologies to manage inventory; and will hire the native population to work in the stores.

Chapter 2. Problem Statement

The city of Juliaca in the Puno region, Peru, has the potential to be an economic hub for the whole of Peru. For example, it is the largest city in the region and boasts a population of close to 300,000. It is also the largest trade hub in the region. Juliaca is also strategically located since it is an obligatory step on the Peru-Bolivia-Chile tri-border. It has an international airport that connects to the rest of Peru and many other global destinations. It is also blessed with many geographical features including archaeological ruins, a plateau, and river that flows into the nearby Titicaca Lake. All these attributes make Juliaca an attractive investment destination. The area has since attracted many entrepreneurs, thereby making it a key trading centre for the Puno region. The main economic activities in the region are agriculture, mining, tourism, industry and retail. We knew that in order to have a successful venture we had to invest in one of these sectors. Therefore, our feasibility study was aimed at identifying the most promising economic sector that we could invest in, the business idea we should pursue, and the strategies we should use to gain a competitive advantage in the market.

As long-term residents of Juliaca and the wider Puno region, we are aware of the many social problems that locals face on a daily basis. One of the biggest social problems in the city is poverty. A large section of the Juliaca population is poor. For example, it is estimated that 42% of the population live below the line of poverty. Meanwhile, more than 10,000 households live in extreme poverty. These households struggle to meet a number of their basic needs including clean water, clothing, shelter, food, and healthcare. Juliaca is widely believed to the second poorest region in Peru (SOS Children's Village, n.d). Investors have been flocking

to the city to establish commercial enterprises over the past few years. On overall, it was expected that these enterprises would have increased the economic situation of the local population. However, such improvement has not been witnessed since many people continue to live in poverty. We believe that we can play a part in changing this situation.

The indigenous community of Juliaca has suffered the biggest effects of poverty. Existing enterprises have been unwilling to grant equal employment and economic opportunities to the indigenous people. According to the International Labour Organization, only 14% of domestic workers in Peru identify themselves as indigenous (2016). The ILO noted that the percentage is significantly lower in Puno and Juliaca. Lack of employment has created a vicious cycle of poverty within the local indigenous population. For example, low employment rates have ensured that the indigenous community cannot lift themselves out of poverty. Many of them are forced to engage in agriculture, forestry, and hunting in order to survive. Income from these activities is not enough to meet the basic needs of these people. Many of them cannot afford to take their children to school. Statistics showed that 35% of indigenous children living in Juliaca do not go to school. These children are forced to stay at home to help in planting and working. However, the failure to go to school denies them the chance to improve their livelihoods. Education attainment is associated with improved economic situations. This implies that children that go to school have a higher chance of lifting themselves and their families out of poverty while those that do not will continue to live in poverty. Therefore, with Juliaca having a high rate of non-school going children, the chances of the city reducing the poverty situation is extreme low unless mechanisms are developed to empower locals economically and give them opportunities to go to school.

We believe that we can make a positive impact on the Juliaca society in terms of reducing the level of poverty and increasing access to education for the children. Therefore, when we were brainstorming on business ideas that we should consider pursuing, we thought about ventures that would not only be profitable but will also allow us to touch the lives of the indigenous community.

The problem statement during our brainstorming is summarized by three questions. These are:

- ➤ What is the most feasible sector that we should venture?
- ➤ What are the key weaknesses of the businesses currently operating in this sector?
- ➤ How can our venture exploit these weaknesses to gain a competitive advantage?

Chapter 3. Diagnosis

Diagnostic Technique

The first step in developing this business proposal was to carry out a feasibility study. A feasibility study is used to explore the economic potential of different industries and enterprises. Feasibility studies look at factors such as opportunities, potential for growth, challenges, environmental factors, and capital requirements associated with a particular venture. The main objective is to determine whether a business idea could be profitable in the long run. Results from feasibilities could inform an investor about the venture that is likely to generate optimal return on investment. In our case, we conducted feasibility studies on the agriculture, tourism, mining, and retail sectors to identify one sector that held the greatest promise.

We began the feasibility studies in March 2021. We conducted the studies for four months until June 2021. At the time of conducting the studies, Peru and the world were in the midst of a pandemic. Many businesses were struggling financially since the economy was undergoing a recession. Many people lost their jobs as enterprises laid off workers in order to cut costs. The pandemic gave us an opportunity to know about the resilience of different economic sectors. We narrowed down to four sectors: agriculture, tourism, mining, and retail sectors. The first step of the feasibility study was to read newspaper and industry reports about these four sectors. Our objective was to find data and other relevant information that we could use to make the investment decision. Newspapers that we read extensively include El Comercio, La República, Peru 21, and Expreso. Industry reports that we read include publications from the Oxford Business

Group, BBVA Research, and the World Bank. We analysed and noted down current trends, opportunities, and challenges of each sector.

The second part of the feasibility study was to conduct a small-scale market survey. The survey was needed because the newspaper and industry reports mainly focused on the whole of Peru. The survey allowed us to ask local residents of Juliaca and Puno about their opinions towards the agriculture, tourism, mining, and retail industries. In particular, we asked them which sector could be improved and which one could have the biggest social impact. The survey was carried out in the form of interviews. A total of thirty residents were interviewed. They were drawn from different age groups, sexes, education levels, and professions. Our objective was to get opinions from a diverse group of respondents so that we could develop a venture that meets the needs of a diverse population. We recorded the interviews and analysed the responses thematically. We developed the most important themes for each response and then compared them among respondents. The comparison allowed us to establish the most popular opinion. The results of the feasibility studies are as follows:

Agriculture sector

Newspapers and industry reports acknowledged the fact that agriculture remains one of the key economic sectors of Peru's economy. The sector is estimated to employ 30% of the population, thereby making it one of the largest employers in the country. The agricultural sector has been growing steadily over the past two decades. According to the Oxford Business Group, the sector has been growing at a rate of 3.3% since 2000 (2018). The World Bank reported that agriculture accounts for 7.3% of Peru's economy (Dudenhoefer, 2018). The most profitable

cash crops in Peru are asparagus, cranberries, olives, cotton, ginseng, artichokes, coffee, cacao, paprika, and grapes. Many farmers were also keeping livestock as an economic activity. These farmers would sell animal products such as milk, wool, and meat to both local and international markets. Demand for Peruvian agricultural products had been increasing. As a result, the government has been supporting local farmers to increase their production. However, farming in Peru is uneven. Large scale farming is concentrated in the coastal region. This area is technologically advanced, which has made it easy for residents to commercialize farming. Agricultural production in this region is significantly higher than in other regions (Oxford Business Group, 2018).

The survey revealed some useful insight about farming in our target city. Juliaca and Puno is blessed with large tracts of land that could be useful for farming. We could grow different cash crops and sell for a profit. The major drawback is that Juliaca is not located in Costa where access to farming technology and expertise is readily available. If we were to start agro-business in the city, we would need to acquire the technologies and expertise ourselves. The capital requirements for starting such a business would be substantial since we would need to invest heavily in acquiring land by purchasing or leasing. We would also need to invest heavily in machinery and equipment and purchasing inputs such as fertilizer. We did not have the necessary capital to start a business. Finding financial backers to support an agricultural venture would also be difficult since farming is not a particularly innovative activity. We also lacked the agricultural expertise to make such a venture successful. Furthermore, farming would not enable us to employ

and educate as many people as we would have wished. We decided against venturing into agro-business.

Tourism

The tourism sector also makes an important contribution to Peru's GDP. The sector contributes to around 4% of the country's economy and employs around 8% of the active working population. Peru is endowed with numerous cultural and historical tourist attractions. These include Machu Picchu that was once listed as one of the seven wonders of the world in 2007. It was also named the leading tourist attraction in the world in 2018. On overall, Peru has been named as one of the go-to and must destinations in the world in renowned international publications such as the New York Times and Bloomberg. The World Travel Awards named Peru as the world's leading culinary destination between 2012 and 2019 (The World Bank, 2020). The sector has been attracting investors as locals and foreigners to take advantage of the growth potential.

We considered venturing into the tourism sector because of its potential for growth. On overall, the sector has been growing over the past ten years. For example, international arrivals into the country were higher compared to the neighbouring countries. In 2009, arrivals into the country numbered around 2 million. In 2019, the arrivals had more than doubled to 4.4 million. The growth in tourism numbers is more than double compared the global average, which indicates that Peru's brand as an international tourism destination is growing. The majority of international tourists are from Chile, the United States, and Ecuador. A statistical review of tourist spending also show that it has been growing. In 2009, international tourists are estimated to have spent S/ 8.15 billion. Their spending

increased to almost S/ 16 billion in 2019. While many countries rely on internationals to boost their tourism industry, Peru depends mainly on locals. Out of the total tourist spending in 2016, 70.2% was made by domestic tourists compared to 29.2% of internationals (Oxford Business Group, 2017). These statistics show that the country's tourism sector is resilient and can withstand international conflicts.

Even though we felt that the tourism sector could be an attractive one for venturing, we opted against doing so because of the business' location. Juliaca is not known as a tourism attraction destination. The cities with this distinction are Lima, Cusco, Ica, and Piura. The country's major attraction sites are situated in Lima and Cusco. When looking at the ten most recommended attraction sites according to TripAdvisor users, five are located in Cusco and three are in Lima (Oxford Business Group, 2017). Domestic and international tourists are likely to visit these two cities than Juliaca since it lacks diverse attractions that could draw tourists consistently. In the same vein, tourism infrastructure in Juliaca is not as developed as Lima and Cusco. We considered these challenges too important to ignore since the chances of a tourism-related venture failing were too high.

A tourism also did not fit with our economic and social expectations. We could have started a hotel, tourism memorabilia shop, or tour guide business. However, hotels, shops, and tour guide businesses require highly educated persons who can speak more than one language (and English in particular) since visitors come from different backgrounds. Such businesses would have disadvantaged the indigenous people because their understanding of English language is limited. We also felt that we lacked the necessary expertise in this area. This would have required us

to use consultants and appoint knowledgeable managers, which would have raised the capital considerably. We decided against venturing into this sector. The tourism industry has been adversely affected by the COVID 19 pandemic. International tourist numbers declined sharply in 2020 as many people cancelled their travel plans after many governments implemented restrictions to international travel. For example, international arrivals into Peru were only 28% in the first eight months of 2020 of the number that arrived in 2019 (The World Bank, 2020). In March, Peru's government closed its borders to international visitors and suspended international flights. These moves essentially locked out foreigners from Peru. Many people are also anxious about traveling during the period because they fear that they could catch the virus. Furthermore, the pandemic has led to loss of jobs and economic recession. Hence, the spending capacity of most people has been lowered. Peru's tourism firms have been heavily affected by these events. According to the National Chamber of Tourism, 50,000 firms in the sector had shut down by September 2020. The chamber predicted that more than 30,000 others would also shut down if the situation did not improve. In total, the industry lost a total of S/40 billion in 2020 (The World Bank, 2020). It was expected that the virus would be contained after the discovery of vaccines. Unfortunately, many countries are still recording an increase in infections. It will take time before normalcy returns in Peru and the world. There is no certainty on when this will happen. In that regard, we knew that it would be unwise to start a tourism business under these circumstances.

Mining

Peru is rich with natural resources and minerals including copper, gold, lithium, and silver. Peru is the largest producer of gold in Latin America and the second largest producer of silver and gold in the world. Extraction and export of these minerals generate the country billions of sols ever year. It is estimated that the mining industry contributes to 10% of the country's GDP. The importance of this industry is reflected in the fact that it accounts for 60% of Peru's total exports (Terzo, 2021). In the recent years, Peru has increased its dependence on mining. The country is extracting and exporting more gold and copper than it was doing in the past. The increase comes at a time when the international market has become volatile. Commodity prices have been fluctuating, which means that mining revenues have been up and down. Experts have been calling on the government to develop other factors because it cannot continue to rely on natural resources. Furthermore, there have been large scale protests against mining projects in the recent past. Indigenous communities want mining companies to use sustainable ways of extracting minerals so that they do not affect the livelihoods of surrounding communities (Baird, 2011).

Mining is the most thriving sector in Puno. The region is blessed with vast mineral resources. These resources are far from being exploited. Thousands of mining concession requests are made each year as investors seek to extract Puno's rich mineral resources. Therefore, we felt that it could be an attractive venture for us. The main challenge was the capital requirements. Mining requires significant outlays in acquiring machinery and equipment. Presently, large mining projects in Puno are carried out by large international companies. These companies have

invested tens of billions of sols in their projects. We do not have the capacity to raise such sums. The second challenge is competition. Thousands of mining concessions are requested every year. Many of these requests are not granted. We felt that we do not have the capacity to make a successful request. The third challenge we faced is that mining did not align with our vision of making a positive impact on the society. The indigenous community relies on the natural environment for their livelihood. Mining destroys this environment, which explains why there have been protests against some mining projects in Puno. We did not wish to have such a negative impact.

Retail Sector

Peru' retail sector has undergone significant transformation over the past ten years. A few years ago, it was considered one of the least mature in Latin America. Today, it is the region's fastest growing retail sectors in the region in terms of sales (Oxford Business Group, 2015). According to a 2017 report from the Global Retail Development Index, Peru's retail is also the 9th fastest growing in the world. "La Cámara de Comercio de Lima" reported that the sector has been expanding at a rate of 4.4% over the past ten years (Andina, 2019). The sector has attracted considerable investment over the past few years. Shopping malls, supermarkets, cinemas, pharmacies, and department stores are being opened in unprecedented fashion. The sector has attracted both domestic and foreign investors. Chilean retailers dominated the sector for many years. However, renowned retailers such as Wal-Mart have since opened their stores in the country.

We found the retail sector attractive for our venture. For example, the sector is peaking, which implies that it has a high potential for growth. A market is said to

be peaking when it meets two conditions. First, when consumer habits change to the point that they are seeking out to purchase from organised retail formats. Second, when development of retail districts is ongoing but the price of real estate is still low. Peru's retail market is in the early phases of peaking. For example, there is still low penetration of formal retail. According to the Oxford Business Group, this quality makes it an attractive target for investment.

The retail sector also has many characteristics that fit our economic and social expectations. For example, it required lower capital to invest compared to the agriculture, tourism, and mining sectors. We knew that a supermarket business is flexible since we could start small and scale up as we got more investment. We would also open in a single location before expanding to other areas. The supermarket also satisfied our desire to provide employment opportunities to the local community. We could provide training to give them skills for performing tasks such as observing shelves and providing help to shoppers, keeping records of inventory, store keeping, providing security, and offering customer services. We could also teach computer skills to literate residents so that they could work as cashiers. The growth opportunity meant that we could continue to employ more locals as we grew.

The second step of the feasibility study was to identify weaknesses of current supermarkets operating in Juliaca and strategies with which we could exploit these weaknesses to gain a competitive advantage. Our main objective is to establish a successful venture. Therefore, we wanted to make a value proposition that locals will not resist. Such a proposition would allow us to attract and retain customers since we would stand out from the competition. We conducted a market survey

to get the opinions of local residents about the supermarket sector in the city. The survey was conducted between April 2021 and July 2021. The survey was conducted in the following steps:

Sampling

We used random sampling to find respondents to the feasibility study. We used this method because we wanted to give every resident of Juliaca an equal chance to participate in the study. We also felt that random sampling would allow us to survey residents from different demographics such as age, education level, income status, and sex. As a result, we could get diverse views that would reflect the majority opinion about existing supermarkets in the city. We approached different people to request them to participate in the study. We would explain the purpose of the study and our intentions to start a supermarket chain. We asked them if they could answer some questions honestly.

Data collection instrument

The data for the feasibility study was collected through a structured questionnaire. We wanted to make the questionnaire as simple as possible because most of our targets were semi-illiterate. The survey was written in English and Spanish and gave respondents the opportunity to select the language they preferred for the survey. We also did not want to ask unnecessary questions. The questionnaire contained four questions. These were:

- > How many times do you shop in a Juliaca supermarket within a typical month?
- ➤ What are the two biggest frustrations you encounter when shopping in a local supermarket?
- ➤ Will you be willing to shop from a new supermarket if it opened in the city?

➤ If you had an opportunity to make a policy related to the running of supermarkets, what policy would you make?

The brief nature of the questionnaire that respondents could take less than ten minutes to complete it. We asked respondents to complete the questionnaire as we watched them. We asked them to inquire about any question that they did not understand. We sampled 145 respondents from different locations during the study.

Data Analysis

The data for the feasibility study was analysed using thematic analysis. Thematic analysis involves reading responses of participants and identifying patterns in meaning. Themes for each response are noted down. The themes are then ranked according to how often they appear in the responses. The most popular themes are then deduced to reflect the opinion of the majority of participants. The thematic analysis of the survey produced the following results.

Frequency of Visits

The majority of respondents (44%) shopped in a supermarket once per month. The second largest group (38%) shopped twice per month. These results indicate that local residents do not shop at supermarkets frequently. Only one percent of the respondents shopped more than six times. The frequency of shopping is summarized in the chart below.

Biggest frustrations

The thematic analysis revealed that respondents were frustrated by different factors. Ranking of the themes showed that the two biggest frustrations were failure to purchase an item because of regular stock-outs and lack of formality in

current supermarkets. Failure to purchase an item was mentioned by 41% of respondents while lack of formality was mentioned by 67% of respondents. Regular stock-outs were a consequence of poor supply methods employed by current supermarkets. Meanwhile, lack of formality meant that items were haphazardly arranged in shelves, employees did not wear uniforms, employees were not assigned specific tasks, and there are no price labels for items.

Willingness to shop in a new supermarket

The majority of respondents were willing to shop in a new supermarket, as shown in the chart below.

Proposed Policy

The most recommended policy, according to 76% of respondents, is requiring local supermarket chains to employ locals. Many of the respondents felt that there should be a quota system in employment so that the majority of workers come from the local community. Respondents felt that having their own kind at the supermarkets will encourage them to shop more often because they will receive satisfactory customer service.

Chapter 4. Objectives of the Project

The results of the feasibility study showed that the retail sector is the most attractive sector that we should invest our business. The first major weakness of existing supermarkets is that they experience frequent stock-outs because they have poor supply planning approaches. The second major weakness is that they lack formal operating systems. We believe that TAMPU Market could gain an immediate competitive advantage if it took advantage of these weaknesses. The remaining sections will outline how we proceeded with developing solutions for these weaknesses. The objectives of this Project are:

Main Objective:

➤ "Enhance the quality of life of the users bringing them comfort, modernity and development, leading the retail industry in the south of Peru".

Secondary Objectives:

- ➤ To identify strategies that we will apply to improve supply chain and inventory management in order to avoid stock-outs.
- ➤ To identify strategies for standardizing operations at TAMPU Supermarket®.
- > To explore a training program that would allow us to hire from the native population.

Chapter 5. Project Relevance

The level of competition in the supermarket sector is increasing. The leading supermarket chains in this region are Plaza Vea and Mia Market. These supermarkets have been operating for some years now. Thus, they have first mover advantages since they were the first to give local residents the supermarket experience. They also have high brand visibility in Juliaca. TAMPU Supermarket must have an effective entry strategy in order to penetrate the local market and take away the market share of Plaza Vea and Mia Market. The present project is relevant because it seeks to explore ways through which we can enter the market and attract a large customer base.

We believe that the best way of doing so is to take advantage of the weaknesses of these two supermarkets. The feasibility study identified their two major weaknesses. Therefore, our focus should be to develop strategies that will give shoppers a better experience. Improving our supply chain and inventory management system will enable us to avoid stock-outs. Our customers will never lack an item when they come to shop. Implementing formal systems will also make it easier for shoppers to identify employees, prices, and items. TAMPU Market® will allow customers to have modern shopping experience. They will save time during their shopping because they will identify products easier. Each item will have a price label. Customers could use the labelling to plan their budget. They will also readily get assistance from uniformed employees.

TAMPU Supermarket® will play an important role in improving the lives of the local communities. First, it will shorten the shopping time. The consequence is that shoppers will have more time to spend with their family and friends. Employed

persons will come to shop and continue with their economic activity. Students will get more time to study. Second, we will employ only the native population. Indigenous workers are generally discriminated against in employment. According to the International Labour Organization (ILO), only 14% of domestic workers in Peru identify themselves as indigenous (2016). The ILO noted that the percentage is significantly lower in Puno and Juliaca. Indigenous women are the most affected because they have traditionally been excluded from the labour market. The low labour participation rate among the indigenous community is not their making; instead, it is the making of employers who purposefully overlook them when recruiting. Lack of employment has created a vicious cycle of poverty within the local indigenous population. For example, low employment rates have ensured that the indigenous community cannot lift themselves out of poverty.

TAMPU Supermarket® seeks to be the only employer that specifically targets indigenous persons for hiring. Our business model has a very important goal: to hire 100% native population. We will train and educate them about business. We believe that such an approach will enhance the quality of life of locals. Our employees will generate regular economy that they can use to uplift their families. They will also take their children to school. Continued increase in literary levels will improve the economic situation of the entire population in the long term. We are motivated to make such a transformation in our community.

The key performance indicators that we will use to measure the impact of our project are time of shopping, customer satisfaction level, and number of employees. Our target is to reduce the average time of shopping to two minutes per item. A customer intending to purchase an item will take only two minutes to

go to the shelf, pick the item, pay at the cashier and leave the store. Our target customer satisfaction level is 8 out of 10. We will be conducting a quick survey where customers will rate their experience out of 10. We will then be analysing their ratings to get the mean rating. We will be computing the monthly ratings and comparing them to determine whether they are increasing or declining. Our target for hires is 50 employees per store. However, we will employ more depending on the size of the store. We will primarily target members of the indigenous community when recruiting. We will provide the necessary training and education to enable them perform their tasks effectively. Such an approach will allow us to have a positive impact on the society.

Chapter 6. Project Applicability

The strategies that TAMPU Supermarket® is planning to implement are applicable. Our operating model reflects the modern way of operating a retail business. The retail sector in developed countries is highly digitalized and formalized. We believe that we could introduce a similar model in Juliaca. Digitalization and standardizing will enable us to gain a competitive advantage. We will use our learning, experience, and advice from experts to practically improve our supply chain, inventory management, and in-store operations.

The main challenge that we may encounter in our quest to only hire from the indigenous population is failure to get persons with the right skills and expertise. Literacy levels among the indigenous population is low. Many of them lack high level computer skills that we will require in operating the point of sales systems. Our strategy for overcoming this challenge is offering training. Basic training for store keeping, shelf maintenance, customer service, security maintenance etc. will be provided to all hires. We will also seek persons who have computer knowledge. We will then teach them how to operate the point of sales systems and other computer-related tasks. Our managers will offer technical assistance once we begin operations. The employees' level of expertise will increase with time. Therefore, they will be able to train and mentor new hires. Experienced employees will be redeployed to new stores when we open them. Such an approach will ensure that we keep and share knowledge within the business.

Chapter 7.

Solution Proposal

The proposed solutions are adoption of point of sale (POS) and just in time (JIT) inventory management software, introduction of formal systems, and contracting a retail operations training firm.

Adoption of Software

TAMPU Supermarket® will install integrated POS and JIT inventory management software to keep track of stock and avoid stock-outs. The POS will facilitate transactions with our customers. All items sold at the supermarket will have bar code scanners containing code and price of item. When a customer takes an item from the shelf, he/she will go to the cashier who will scan all items. All scanned items will be entered into the POS system, which will reflect the code, name, price of item, and number of items purchased. It will then calculate the total amount owed. It will automatically print the invoice for the customer. The cashier will give the invoice to the customer for future reference. A member of staff will package the purchased items before delivering them to customers as they leave. Our POS software will be integrated such that once an item is purchased, it will automatically be removed from the available stock. The integration will allow us to monitor inventory and purchase patterns at a store. The system will also calculate gross revenue at the close of a business day. Our cashiers will then reconcile cash on hand with the revenue for the day. Such reconciliation will allow us to notice any discrepancy. We will conduct an audit to determine the cause of the discrepancy.

The POS system will be linked to a JIT inventory management software. JIT inventory management entails ordering new stocks only when they are needed (Pimpale, 2021). The advantage of this system is that it prevents the supermarket from keeping excess stock that will be costly to store (Tajari, 2018). The system is also beneficial when selling perishable products. Since these items are ordered only when they are needed, there is low probability that they will go stale before they are sold. JIT will also prevent our business from using excess cash in purchasing idle stock. As a result, we will have sufficient cash at our disposal to meet recurrent and miscellaneous expenses. The JIT system will be integrated with the POS software. The software will automatically update the stock database whenever an item is purchased. Hence, our staff will know how much inventory of each item remains. When the inventory of a particular reaches the minimum threshold, our staff will be notified. They will then order for the particular to be replenished. Such an automated approach to inventory management will ensure that we do not experience stock-outs. Customers will visit our supermarkets and be certain that they will get what they wanted.

The POS and JIT system will collect wide ranging data that we will use in our decision making. For example, they will record what items are purchased, when they are purchased, and in what quantities. Analysis of this data will allow us to know purchasing behaviours of our customers. For example, an analysis of items purchased will show us the most popular items and the least popular items. We will prioritize stocking more of the most purchased items to ensure that we have strong cash flow. Analysis of purchase times will also enable us to know the time of day, month and year when particular items are popular with customers. We will

then stock up these items when we approach these periods. When the analysis shows that the store is frequented during a particular time of day, we will create employee shifts accordingly. We will have many employees working during the busy hours and reduce their number during the other hours. We believe that data-informed approach to stocking of items and organizing employees will enhance the customer experience. Customers will love purchasing their favorite product when they need it and within the shortest time possible.

Adoption of formal operations

The following strategies are proposed to make our operations more formal compared to the competition.

- Arranging shelves according to product categories: We will systematically arrange our stores so that we have dedicated shelves for particular product categories. Each shelf will have products from the same category. For example, a shelf for toothpaste will contain only toothpastes from different brands. Shelves will be also arranged according to sections. For example, a section of personal hygiene will contain shelves with personal hygiene items. Such a section may contain shelves with lotions, skin care products, soaps, shavers, sanitizers, toiletries, etc. Such an arrangement will make it easy for customers to locate items they would like to purchase.
- Requiring employees to wear uniforms (with native palette of colours): All employees at TAMPU Supermarket® will wear uniform. The uniform will feature a dominant sky-blue and yellow colours and multicolour (native textile) stripes to reflect our logo. There are several advantages of having uniformed employees. These include promoting a positive image for the supermarket, protecting

workers, improving security, promoting team spirit, and making it easier for customers to seek assistance (Karch & Peters, 2017). The uniforms will have name tags of employees to add a personal appeal when they are interacting with customers.

- Labelling products: All our items will be labelled to make it easy for customers to know the name of the product and its price. The customer would use the prices to make their budgets. Employees will be on hand to offer any assistance and provide advice when customers are faced with substitute products but would like to purchase only one of them.
- Assigning employees specific tasks: Each employee at TAMPU Supermarket® will be assigned a pacific task. For example, there will be cashiers, store keepers, shelf attendants, packagers, security officers, customer service agents, and marketers. Job descriptions for each role will be provided to all employees.
- Introducing a customer service desk: We will have a customer service desk where any customer with a complaint or compliment will visit and have their issue sorted out.

Training program YW (Yachai Wasi)

TAMPU Market® will need to train its employees before they assume their duties. The training will give them the skills and knowledge to perform their tasks as required. The retail sector in Juliaca is still not yet mature. There is a dearth of knowledge with respect to management of retail store operations. Indigenous people have traditionally been excluded from the labour force. Since our employees will be drawn from the indigenous community, we would need to teach them basic business education and train them about different retail store tasks.

Our proposal is to contract experts with respect to retail store operations and management. These experts will teach our employees the dynamics of supermarkets and give them the necessary skills to perform different tasks. All employees will be taught the necessary computer skills since we plan on installing a high-level IT system across our supermarkets. We would like all our employees to be confident in using the computer and POS and JIT software. We would also like them to learn how to use barcode scanners, printers, radio frequency identification, and data analysis. We will market our stores in both traditional and digital media. While employees will play a minimal role in designing radio and TV adverts, we will expect them to promote the supermarket on social media. Thus, they we will require them to be confident about using technology.

When we initially developed the strategic proposals on how to enter the market, we were unsure on the applicability of the proposals. We had carried out extensive research about these proposals. However, most of the materials that we relied upon were based on international supermarket chains. Prior to establish TAMPU Supermarket® we sought to conduct a study on experts in the business sector to determine their views about our strategies. In particular, we wanted to establish whether they support our proposals and what other recommendations they would make as we launch the supermarket. The following section outlines how we conducted this study.

Chapter 8. Method

Selection of Participants

Selection of participants for our study was done using purposive sampling. Purposive sampling is a technique whereby researchers rely on their judgment to select particular individuals to participate in the study. Researchers select a particular criterion for participation and identifies individuals that fulfil the criterion. In our case, we targeted knowledgeable and experienced persons from the business world. The criteria for selection were as follows:

- A participant must be an economic scholar of a higher learning institution; or,
- ➤ A participant must have held a middle or top-level managerial position at a supermarket; or,
- ➤ A participant must have experience in installing and managing the IT system of an active supermarket; or
- A participant must be a professional business consultant.

Data Collection instrument

The data for this study was collected using a survey questionnaire. A questionnaire is a document containing a series of questions for respondents to answer. A questionnaire was selected for this study because it can be tailored to fit the needs of any study. We also felt that we could ask any question we wanted and request for clarification when necessary. We designed the questionnaire to be simple and less time-consuming to encourage our participants to complete it. The questionnaire was written in two versions: one in English and the other in Spanish. The two versions were reviewed by a linguistic expert to confirm that they asked the same questions. The questionnaire contained the following questions:

- ➤ We plan on automating most of our supermarket operations even though we are launching in an underdeveloped market. Do you approve of such automation?
- What strategies can a new supermarket use to prevent stock-outs?
- ➤ What POS software would you recommend for our supermarket?
- ➤ What JIT software will you recommend for our supermarket?
- ➤ What is your idea of formalization? Do you believe that formalization is necessary for a supermarket?
- ➤ What are the three most important things you would formalize in a new supermarket?
- ➤ Our plan is to hire only from the indigenous community who may not be knowledgeable about how modern retail works. What advice could you give to make this successful?
- ➤ What other advice will you give to an entrepreneur who is thinking about starting a supermarket chain in undeveloped market?

Methods

Our study specifically targeted scholars and professionals with experience in the retail business. The first step we took was to identify these participants. We felt that the appropriate place for finding them was on LinkedIn. LinkedIn is a social networking site for professionals where business owners, employees, and managers sign up to the site so that they can connect with one another. We have previously used the site to expand our professional networks. We conducted a search on the site to identify Peru and Latin America-based economic scholars, present and past managers, business consultants, and IT experts with experience in the supermarket business. To increase our chances of locating our targets, we

also visited websites of local and internal universities. We wrote down the names of faculty staff in the business and economics department and searched their profiles on LinkedIn. We also visited websites of local and international supermarkets to identify names of their past and present managers. We searched the profiles of the managers on LinkedIn. We spent seven days searching for participants. We identified 79 profiles that fulfilled our criteria.

The second step we took was to send a message to potential participants. We drafted a message that explained a little about ourselves, TAMPU Supermarket®, and the objective of this study. The message also asked them if they could share their knowledge with us by participating in a survey. We requested them to respond with the email address that they would like us to send the survey. We send the message to all 79 participants. However, only 57 accepted to participate in the survey.

The third step was to send the questionnaire to the 57 participants. We sent both the English and the Spanish version and requested them to complete in the language they are comfortable. We gave them one week to complete the questionnaire and send it back. After one week, we reminded participants who had not returned their questionnaire to do so within three days. In total, 45 participants returned the questionnaire after the elapse of ten days. The results of this study are based on the responses of these 45 participants.

Chapter 9. Analysis of Results

The data for this study was <u>qualitative nature</u>. The most widely method for analysing such data is thematic analysis. As already explain in a previous section, thematic analysis involves reading responses of participants and identifying patterns in meaning. Themes for each response are noted down. The themes are then ranked according to how often they appear in the responses. The most popular themes are then deduced to reflect the opinion of the majority of participants. In this study, we found the following results.

Approval of automation

The majority of respondents (82%) held that it was a wise move to automate our supermarket operations even though other supermarkets appeared reluctant to fully automate their systems. The high approval supports our initial assertion that installing technology will give us a competitive advantage.

Strategies for preventing stock-outs

The experts gave different strategies for preventing stock-outs. We analysed their respondents and calculated how they were supported by experts. The following table shows the three most recommended strategies. The above table shows that our decision to automate our inventory management system is highly recommended by experts. Our IT system will integrate point of sale and inventory management systems. Such integration will allow us to forecast demand at each store. However, we had not thought about using safety stock. This is a strategy that we will seriously consider.

Recommended POS Software

Experts had different opinions on the best POS software that we should install in our supermarket. The top 5 recommended ones are shown in the table below.

Recommended inventory management software

The experts had divergent opinions about the best inventory management software in the market. The following table shows the five most popular software according to the experts.

Standardization

Experts had similar ideas about standardisation. One quote that best captures the views of experts was: "standardisation is the process of setting up standard operations and structures for all employees to follow." All the experts held that standardisation was necessary in any supermarket.

Things to standardize

The widely mentioned things that a supermarket should standardize are shown in the table below.

Advice for employing indigenous employees

Thematic analysis revealed the three most common pieces of advice that were provided by the respondents. These are:

- a. Try as much as possible to find qualified candidates
- b. Employ word of mouth to find the right candidates
- c. Provide training, regularly

General advice for supermarket entrepreneurs

The three most common pieces of advice that experts had for entrepreneurs are:

a. Always listen to the customer

- b. Invest in advertising and sales promotions to attract customers
- c. Arrange items on shelves at eye level

Chapter 10. Conclusion

TAMPU Supermarket® is designed to compete immediately in the Juliaca market. We have done enough research to establish weaknesses of the leading supermarkets. We have done research and sought advice from retail scholars and experts to find strategies that we should use when entering the market. These include automating our operations using POS and JIT software. Technology will enable us to gain a competitive advantage by enhancing the customer experience. We will also standardize our operations to make us stand out. These will include giving employees uniforms, assigning specific tasks to employees, establishing a customer service desk, systematically arranging items on shelves, and labelling all products. We believe that implementing these strategies will give us the largest market share in Juliaca. However, we are not motivated to make a profit or grow our business. Our main motivation is to make a positive impact on the society. We will make this impact by employing only from the indigenous communities. We believe that employing only indigenous employees will uplift the living conditions of their people in the long term.

Recommendations

The survey of scholars and experts in the business world revealed some useful insights that we should incorporate in our business. It is our goal to implement their advice. These include:

- ➤ Installing LightSpeed retail software because it has functionality for point-ofsale system and inventory management.
- > Using traditional and word of mouth advertising to find the right candidates.
- > Running regular sales promotions on select items.
- > Arrange items at eye level.

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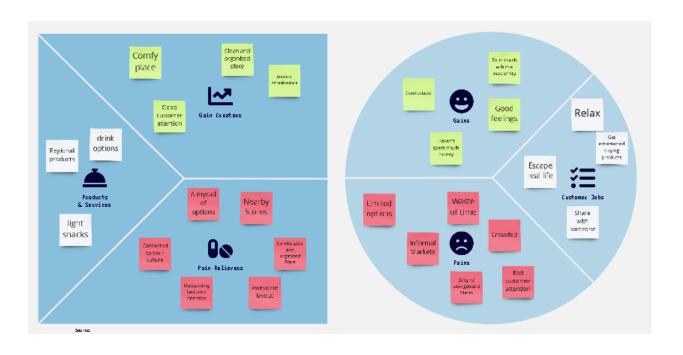
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Appendices

Appendix 01. The Domain Map Brainstorming



Appendix 02. Value Proposition Canvas





January 2021



April 2021



August 2021



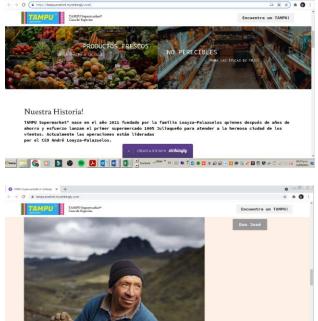


Task Name	Status	Start Date	End Date	Responsible
Discovery/Planning	In Progress	30-abr	21-may	André L. Palazuelos
Execution	In Progress	22-may	30-jun	André L. Palazuelos
Closing	In Progress	01-jul	09-jul	André L. Palazuelos

Appendix 04. Social Media

Página web: https://tampumarket.mystrikingly.com/





Instagram: @tampu_supermkt







