



How D-Mart got big by being small

posted by *Alison Ratcliffe*
in *Procurement*

🕒 24 March 2016

Grocer D-Mart prospers in India through its tight focus, fast payments and lean supply chains.

Indian supermarket D-Mart has grown to 100 stores, propelling parent company Avenue Supermarts Ltd to a 2014-15 profit of £22m, significantly greater than India's two largest – and rapidly expanding – supermarket chains, Reliance Retail (which has 1,723 stores) and Future Retail (401 stores).

D-Mart's competitive edge is reflected in its sales per square foot of £250, according to Bloomberg, compared with £161 for Reliance and £105 for Future.

D-Mart's small stores sell only food and groceries. It focuses on best-selling items and the rapid turnover of inventory helps its finances. Rather than pursue bold expansion plans, Radhakishan Damani, who set up the stores in 2000, insists on D-Mart being profitable. The chain usually owns its small stores (so landlords can't hike up the rent later on), preferring urban residential areas to malls.

"They buy it low, stack it high and sell it cheap without undercutting," says George Angelo, executive director of sales at Dabur, one of India's largest FMCG companies and a D-Mart supplier. D-Mart can buy stock cheaply because they pay so quickly. One supplier told Outlook India: "For us, it's like selling for cash. Other retailers have a credit cycle ranging from 15 to 60 days."

D-Mart's bulk-buying can mean its discounts are so high (and offered as and when it sees fit) that some suppliers feel their brand positioning is eroded. Yet it enjoys good relationships with most manufacturers. Sanjay Badhe, a retail strategy advisor, says: "A lot of suppliers say D-Mart listens to them."

The final pillar of D-Mart's supply-friendly model is its store clustering. Most outlets are in Maharashtra and Gujarat in west India. India's infrastructure, IT and political challenges make nationwide supply chains difficult and expensive. The template allows D-Mart to tailor its product range to local tastes.

D-Mart is poised to expand in 2016 in existing markets and in northern India. An e-commerce pilot in Mumbai will explore whether the revenue will support the cost of the sprawling supply chain required.

FMCG India Retail

NOW READ

- > **Supermarkets to standardise supplier audits**
- > **Aldi announces supply chain investment as it expands into Western Australia**
- > **Walmart and McKesson sign deal to jointly source generic pharmaceuticals**
- > **Woolworths bolsters supply chain expertise**
- > **UAE retail sales 'will grow to AED200bn'**



Popular Articles

Brexit: Step up and lead the way, says CIPS chief David Noble

Brexit: the legal implications for procurement

The seven stages of a sourcing strategy

Brexit: 'Buyers should brace for change'

Brexit: 'Now is the time to step up'

LATEST JOBS

Category Manager (2 Year Fixed-Term Contract)

Durham (City/Town)
£31,656 - £37,768
Durham University

Exciting Procurement Opportunities

Swindon, Wiltshire and Newport, South Wales
Salaries range from £27,446 to £48,476 dependant on role and experience.
UKSBS

SEARCH JOBS

SIGN UP TO OUR DAILY GLOBAL NEWS BULLETINS

Email address GO

Find us on

CIPS Knowledge

Find out more with *CIPS Knowledge*:

- best practice insights
- guidance
- tools and templates

GO TO CIPS KNOWLEDGE



SIGN UP TO OUR EMAIL BULLETIN

GO

Supply Management

Supply Management



Events

- CIPS Supply Managemen...
- CIPS Australasia Confer...
- CIPS Middle East Confer...
- CIPS Pan African Confer...
- CIPS Annual Conference ...

Magazine

- July
- June
- May
- April
- March

Information

- Contact Us
- Help/FAQs
- Terms & Conditions
- About us
- Sitemap