

Loyalty to customers is key to our success



Padma Shri M.A Yusuffali, Managing Director, EMKE Group.

Dubai: There are very few retail chains in the world that have such a loyal customer base as Emke Group and its flagship hypermarket chain - LuLu.

The closest way to describe its customer loyalty is "cult following".

However, at Emke Group, loyalty is a two-way street.

"Loyalty is the key to our success. We have a strong loyal customer base. However, we are also loyal to them," Yusuffali MA, Managing Director of Emke Group, said.

"We have been investing in constantly upgrading services and standards. This comes from our loyalty to the customers," he said.

"Also, we have invested in the supply chain to directly source better products from farms and producers at cheaper price, cutting the middleman. This helps us to offer products at a cheaper price to customers."

Although the group's strength derives from its origins - rooted in Kerala - and from the strong community bond that also generates hefty cash for community-linked businesses, the company's customer base is quite diverse. Many Emiratis and Gulf Cooperation Council nationals shop regularly at LuLu.

Non-resident Keralites (NRKs) probably form the largest ethnic community in the UAE. Their choice of shopping destination could make a retailer or supplier rich or bankrupt.

However, in Abu Dhabi, 60 per cent of the company's customers are UAE nationals, he said.

Yusuffali, a non-resident Indian, hails from a traditional business family in Kerala.

He came to the UAE in 1973 to join his uncle's small trading business in Abu Dhabi. Hard work coupled with his uncanny knack for finding new businesses, led the young Yusuffali to explore the wholesale foodstuff trading market in and around Abu Dhabi.

Slowly he started importing famous brands of frozen food products from Europe and distributing them to retailers and catering companies in the UAE. Soon the Emke stores, as it was known then, became one of the top importers and traders of foodstuffs in the UAE and businesses now included cold stores, food processing and re-exporting to other markets as well.

But the big break came in the early nineties, during the first Gulf war, when the group decided to make its maiden foray into the world of retailing with the launch of its first supermarket in Abu Dhabi.

The retail boom in the UAE continued primarily due to the tourists influx and the massive buying spree of traders from Russia and the Commonwealth of Independent States in the 1990s - a time when the retail sector also witnessed a major shift. There was a gradual decline of the traditional grocery and supermarkets and in their place came large neighbourhood stores and hypermarkets that raised the standard of the retail business.

While the entry of Continent (now Carrefour) in 1995 changed the face of retail business in Dubai, Yusuffali took charge of Abu Dhabi's retail sector by rolling out LuLu Hypermarkets that began to set trends.

In an exclusive interview, Yusuffali shares his views on the retail sector as well as his company's growth plans.

Gulf News: What is your view on the retail sector in the UAE and the GCC region where you have a strong presence? How has the global recession affected retail business?

Yusuffali M.A. : Although the current [global] economic recession has affected a number of economic sectors, such as real estate and construction, it did not affect retail sector. We have witnessed an increase in sales across the region.

One of the reasons is the nature of our business itself. Every living human being has to eat. So, as the population grows, so does consumption. Therefore retail sector will continue to grow, especially those dealing with essential commodities and foodstuffs.

Last year, our total turnover was \$2.1 billion. This year, we are projecting it to reach \$2.5 billion. These statistics should give you an indication of the market scene.

What are the challenges faced by the industry?

The challenge in our industry lies in constantly upgrading the standard and quality of service.

The world is changing and we also need to keep up with the changes. We need to offer better services and match international standards. The UAE has come a long way in the last 38 years. We are part of the country and will continue to strive to match the government's expectations in offering quality

products and services. For us, that's the challenge.

How do you plan to minimise the risks of commodities price hike in the global markets - something we have already witnessed last year when prices of essentials skyrocketed, prompting the government to undertake price control initiatives?

We have expanded our market monitoring practices and strengthened sourcing team. Now we have a large pool of dedicated people dealing directly with farmers and blocking products at a certain price that helps us to cut the middleman and offer products at our shelves at a better price. This has also helped us to retain customer loyalty. At the end of the day price and quality is what the shoppers look at.

How do you see the Ministry of Economy's monitoring of the market and price control mechanism - in a free-market economy? Does that create inconvenience?

I appreciate the government's moves to keep prices of essentials in check. It helps the customers to buy products at the right price as well as survive the inflation. It also helps us to remain competitive.

Although businesses need to remain profitable, one should not take undue advantage of a situation or crisis in the market. In this regard, the government is doing the right thing.

Last year, we signed an MoU with the Ministry of Economy in offering essentials at a constant price of 2008 for one year. A lot of people wondered how we would manage when prices of essentials were going up in the international markets? We maintained that.

In these initiatives, we are with the government. We also have our own initiatives to support customers.

For example, we are offering a Ramadan basket of 22 items with Dh180 - which is about 70 per cent less than the market price. This is part of our corporate social responsibility programme where we give something back to the community.

Could you tell us your group's expansion plan in the coming years?

We currently have 75 supermarkets and hypermarkets across the GCC. We plan to open another 25 by 2013. As an organisation, we also plan growth organically, although we also plan to diversify businesses. However, retail will be our core business.

Of late, we have started developing shopping malls. Earlier, we only managed supermarkets and hypermarkets.

But mall development and management is new to us. However, this is a natural progression in business.

In the UAE, our business plan is in line with the government's vision, Plan Abu Dhabi 2030. We want to support the government's vision and help realise them in our own ways.

What are your plans to expand in new territories? India has a growing retail market with high potential. Being an Indian, why did you not expand in your own country?

We have operations in India, however, for sourcing and supplying products. We are planning to enter

India's retail market. Currently we are building the largest shopping mall in Cochin with two million square feet of retail space to become available in 2011. We plan to open it in July 2011. Then gradually expand in India.

What about other markets?

We are going to open a store in Egypt shortly, to be followed by a hypermarket that we hope to open next year.

Many supermarkets have their own branded products. How is your brand doing?

Our in-house branded products are doing well in the market. It represents 30 per cent of our total volume.

What is the recipe for your success?

Customers' loyalty to us and our loyalty to the customers. We have a large pool of dedicated customers who will only shop at LuLu. Also we are loyal to our customers - this way we are always careful about customers' comfort and convenience. This helps us in maintaining the standard and quality of service as well as offer products at a better price.

Instead of selling essentials at a higher price, which we could due to the large customer base, we choose not to. This comes from our loyalty to the customers.

What is your company's biggest asset?

Our people. The dedication and quality of services offered by our 21,000-strong family.