

# The Mediating Effect Of Store Operations On The Strategy-Performance Link In Myanmar's Retail Sector

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## Abstract

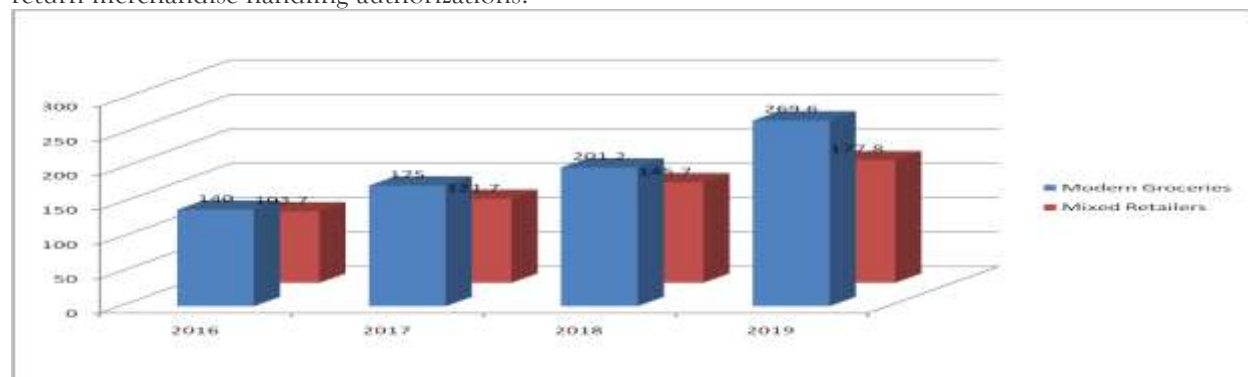
This study is based on the examination of the mediating role of store operations on the strategy-performance relationship within the retail sector of Myanmar. There has been an unprecedented growth in modern retail and e-commerce and Myanmar's retail sector has been evolving rapidly. The study aims to study the operational choices of retail stores in Myanmar and along with that, also aims to discuss the strategy-performance relationship of retail stores and the role of store operations on strategy-performance link. The outcomes of various strategies such as service and product quality, inventory control, and customer satisfaction and their effect on the retail sector are investigated. Operations that are well executed can heighten the strategic benefits and make sure that retailers can sustain in highly competitive and evolving markets.

**Keywords:** Store Operations, Competitive Strategy, Business Performance, Retail Sector in Myanmar. Mediating Effect, Strategic Alignment, Operational Efficiency

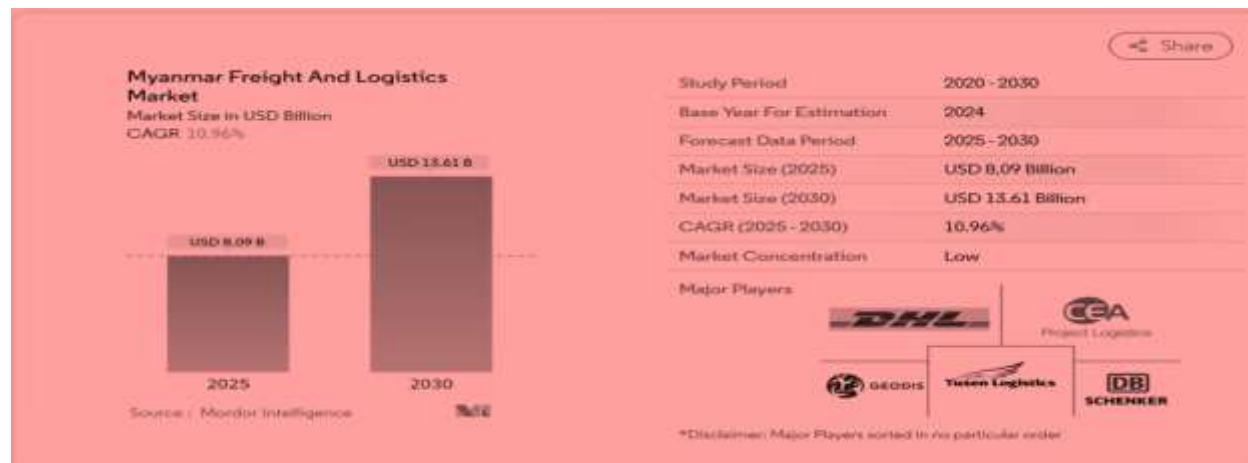
## INTRODUCTION

### Background

Surviving in the retail sector requires managers to understand and predict the behavior of customers and their associated preferences which influence the entire working. Delivering high quality service is a necessity for retail stores, which guarantees staying in business. Business performance for retail sectors primarily depends upon the amount of profit, revenue or wealth it is able to generate for the stakeholders over a stipulated period of time (Majid *et al.* 2023). An organization's success or failure entirely depends on its performance and certain corporate activities like acquiring new clients, achieving the market share and growth anticipated, ensuring that all these contribute to the wellbeing of the retail business. Operations regarding handling these stores are vital, paired with the strategic decision-making to make sure that the results are tangible. Aspects such as inventory management, customer service and merchandising are key when it comes to the effective management of large retail stores (Esrar *et al.* 2023). Retailers are concerned about the management of inventory, especially when it is in excess, and require formulation of practices that are strategically aligned to affect the overall performance of the retail stores. Challenges that are often encountered in the smooth functioning of retail stores are human errors, forecasting of deficiencies and return merchandise handling authorizations.



**Figure 1:** Sales of Modern Grocery Retailers and Mixed Retailers from 2016 to 2019 (Source: Self-developed based on the data of ycp, 2024)



(Figure 2: Myanmar Freight and Logistics Market Size)

(Source: Self-developed based on the data of mordorintelligence, 2025)

### Aim and Objective

The aim of this research is to examine the mediating effect of store operations on strategy- performance link in the retail sector of Myanmar. Objectives include:

- To evaluate the retail store operational choices of Myanmar
- To examine strategy-performance relationship of retail stores of Myanmar
- To investigate the role of store operations on strategy-performance link

### LITERATURE REVIEW

The recent economic development of Myanmar has led to its industry of modern retail grocery chains thriving and adjusting to foreign trends. Customer loyalty and product innovation have been a growing need for the continuous growth of these stores, gradually leading to expansion of brand equity and generation of higher profit (Min and Tangjitprom, 2023). Marketers and organizations have been focusing on retention of customers and maximizing loyalty towards the identity of the brand through effective stratification. Superior product innovation and quality can improve the brand's reputation, contributing to overall customer satisfaction and enhancing their idea of service performance.

Strategies must be formulated in such a way that retail companies can anticipate and forecast potential disruptions and chalk out clear steps of action in case of crisis scenarios. In modern day digital scenarios, incorporation of online platforms into the core operations of retail stores can facilitate serving of customers even in cases of external disruption (Nguyen-Thi-Huong, 2025). These can include robust websites and apps that encourage the entire process of payment being online, allowing retailers to continue operations and satisfy customer needs irrespective of situations. Supply chain diversification can make sure that a continuous supply is well maintained by having alternative sources for primary products and materials. Collaborating with suppliers to make sure that there are no disruptions, facilitating the meeting of delivery schedules or expanding the sourcing of products are essential segments of this strategy. Satisfied customers can contribute to the overall wellbeing, which can be achieved by customer care programs and marketing digitally to reach customers. Long term competitiveness and sustainability is brought about by the undertaking of strategies that can help retailers retain their customer base in tough times and acquire new customers during normal times.

Retailers are a part of the service- oriented industry and several elements, such as store designs and layouts are measures of service quality quite often. Retail-customers are also driven by value and their contribution through means of engagement and involvement can be ensured through service quality (Senachai *et al.* 2023). Customer engagement can also be utilized to receive feedback, which can then be analyzed to enhance customer value, performance of business and undertake strategies accordingly to reach organizational goals. Techniques of sales promotion can be applied as means for increasing revenue and the positive perception of the customer towards the retailer. Promotion through word-of-mouth can be achieved when frequent

customers share their experiences with their friends and family, implementing an idea of positive shopping experiences.

Operational costs are highly influenced by how efficiently the inventory is managed, also affecting factors such as profitability, satisfaction among customers and overall sustainability of the business. Decision making of a retailer is affected by performance of inventory, driven by factors like gross margin and sales. Retail operations can be highly optimized by striking a balance between demand and supply, making sure that risks associated with understocking or overstocking are mitigated. In 2021, the retail sector is valued at \$25 trillion and is anticipated to reach \$30 trillion by 2025 (Kumar, 2024). Efficiency of logistics can be improved by classifying products according to their contribution to overall revenue, optimization of inventory levels and reduction of excess stock. Adoption of control systems for advanced inventory management has made sure that retailers can reduce carrying costs and improve flow of cash. Stock levels can be aligned with customer demand, leading to fewer stockouts and better use of resources, increasing the efficiency of the entire process. Undertaking of strategies by retailers facilitate rapid adaptation of their inventory practices according to the changing market scenarios, customer expectations and advancements technologically.

### METHODOLOGY

Secondary qualitative data collection methods have been used in this study through thematic analysis, which primarily relies on case studies, existing reports and literature to analyze the strategy performance link in the retail sector of Myanmar. Published sources are usually the sources of origin for secondary data utilized for different research goals (Kern and Mustasilta, 2023). Research philosophy interpretivism has been chosen for the gathering of search-based data. The data gathering process helps in laying out the research planning effectively. The main focus of the study design is exploratory, which analyzes the data that is collected by the process of secondary data gathering and is highlighted in the results section. Exploratory study facilitates proper understanding of the situation and allows identification of trends (Gauthier *et al.* 2021). Thematic analysis is a technique of analyzing qualitative data, which allows the identification of patterns and themes in the dataset. The ethics of qualitative research is also followed in this study, making sure that all the sources are free from plagiarism, bias and are properly cited, belonging to credible sources.

### RESULTS

#### Thematic Coding

<i>Sl. No</i>	<i>Thematic Code (Objective-based)</i>	<i>Associated Keywords</i>	<i>Concept of Theme</i>
1	Influential operational choices of the retail store	Service Quality, Product Quality, Customer Satisfaction, Trust, Loyalty	Marketers and retailers should effectively strategize their operations and marketing to acquire advantages, leading to customer satisfaction and loyalty (Min and Tangjitprom, 2023)
2	Dynamics related to strategy-performance relationship of retail stores	Perceived value, brand image, customer loyalty, service quality	A variety of factors such as advertising, customer value and word of mouth have been known to have an impact on customer loyalty, boosting performance (Soe and Nuangjammong, 2021)

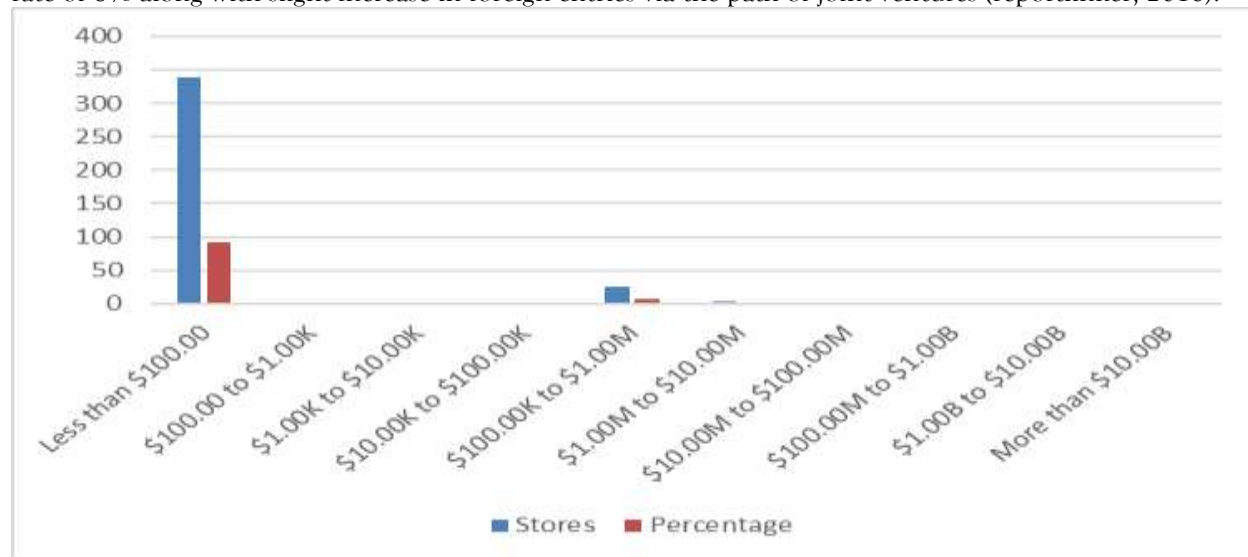
3	Role of store operations in relation to strategy-performance	Customer satisfaction, System Quality, Service Quality	When customers have a store image that is positive in nature, the satisfaction level of customers is enhanced (Htet, 2025).
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**Thematic Analysis**

**Theme 1: Influential operational choices of the retail store**

By the year 2030, the number of users in the retail delivery market is expected to rise to 7 million users. It has also been anticipated that the average revenue per user will amount to US\$145.36 (statista, 2025). Product purchase by customers is influenced by service quality and largely affects customer’s overall attitude towards the retail company. Differentiation strategy applied in retail, i.e., innovation of products facilitates the retailers to stay ahead of the competition and stay in an unbeatable position, also putting efforts towards satisfying the customers. Product quality determines how it is perceived among customers and can be a crucial factor in deciding brand loyalty, leading to better performance (Min and Tangjitprom, 2023). The industry of the retail market of Yangon is affected by several factors such as customer satisfaction, innovation of product, quality of offered service, making an impact on the performance of the retail business.

The retail industry of Myanmar contributes to nearly 15% of the GDP of the country, where 90% of the trade is still from traditional trade and nascent modern retail chains. The gross leasable area of Yangon’s retail expanded from an area of 150,000 m<sup>2</sup> in the early 2010s to over 400,000 m<sup>2</sup> by the end of 2018. In 2018, the retail market was valued at US \$10–12 billion and the entire sector was anticipated to grow annually at a rate of 8% along with slight increase in foreign entries via the path of joint ventures (reportlinker, 2016).



(Figure 3: Myanmar Stores distributed by Monthly Sales)

(Source: Self-developed based on the data of aftership, 2025)

The Supply Chain Management (SCM) in the retail sector of Myanmar has to be optimized in order to boost the performance of retail stores and their operations. Focusing on logistics, procurement and transferring the traditional supply chains to digital processes might help in reducing costs of operations and enhance the overall efficiency. Adoption of a multi-brand strategy is highly advantageous for the retail seller companies, helping them to deal and pursue different ranges of target customers, suited for different segments of the market (Soe et al. 2022). Setting up policies for making return processes easier can facilitate the return processes of wrong or defective products back to the supplier quite easily.

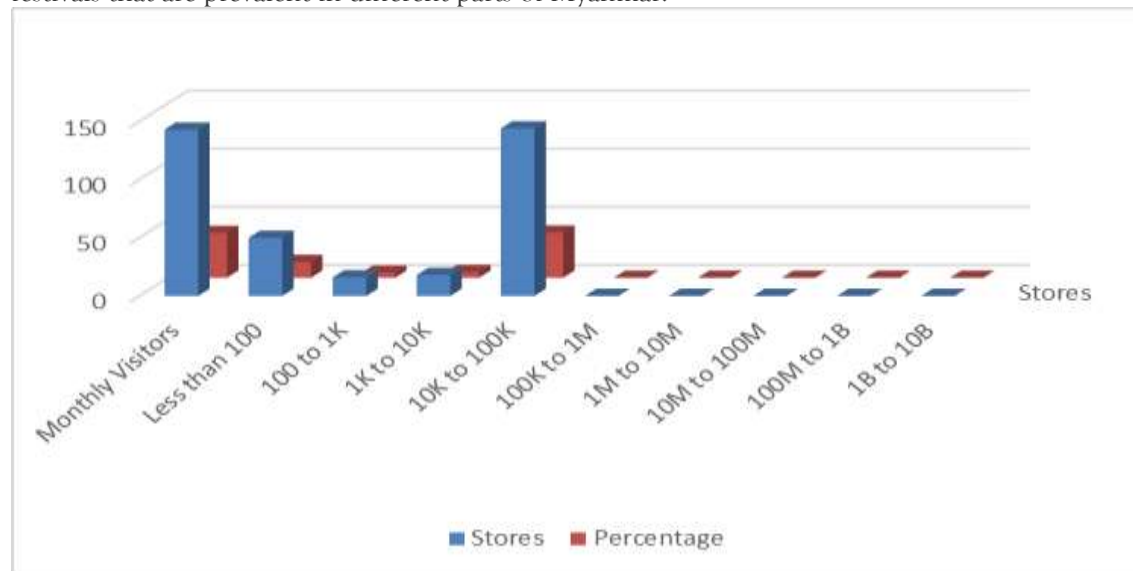
**Theme 2: Evaluating the dynamics related to the strategy-performance relationship of retail stores**

The interplay of a variety of factors such as management of inventory and in-store analysis, optimization of layout and merchandising and adoption of technologies, like AI and ML play vital roles in determining the dynamics related to strategy-performance relationship in retail stores of Myanmar. In inventory management,

financial decisions hold much importance since it determines the amount of goods that can be held in a warehouse as a measure of preparation against sudden demand among customers, avoiding any delays in the supply chain. Unused stock is also considered and the expenditures that are associated with holding goods inside warehouses are encompassed by financial decisions (Hlaing and Lat, 2024). High inventory levels are often challenged by the uncertainty in demand and high costs of carrying, leading to elevation of prices and consequently, lower levels of satisfaction among customers.

Integration of a multi-sensory experience and development of strategies have been popular among the retail businesses so that customers get to experience a premium quality experience in-store. Customers tend to prefer brands that give them an unforgettable feel and strike their sensation better. Marketers have thus made strategies in such a way that customers get to experience high-end store finishing along with simple promotion of 'value added services and goods to the customer (Zaw, 2021). This has been fundamental for the emergence of 'experiential marketing' that revolves around the entire physical environment and exposure of operational tasks for the experience of the customers. Various layouts and atmospheres help retailers attain customers and retain them as well for a long period of time, which affects the organization's success and enables them to stay in the market in a competitive manner.

Technology adoption is gradually beginning in many retailers of Myanmar for prediction of the inventory, personalized offers, pricing and labor pricing. Machine Learning applications have found its way into small retail local stores and extend up to major e-commerce platforms, leading to the realization of the usefulness of the data-driven insights, leading to optimization of operations, prediction of behavior of consumers and creation of personalized experiences for shipping (byteplus, 2025). Customer demand for certain products or goods and personalized recommendations of products facilitate the upholding of regional trends or local festivals that are prevalent in different parts of Myanmar.



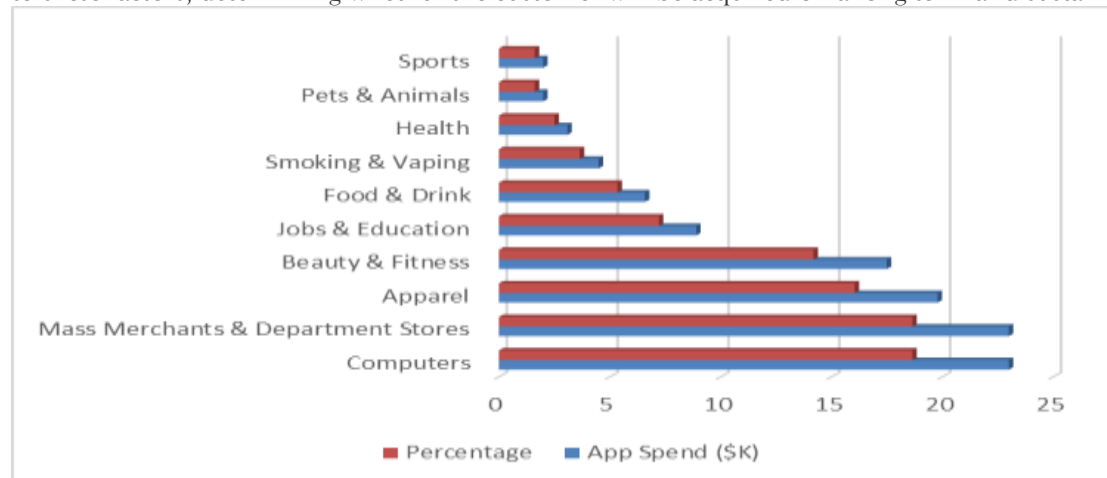
(Figure 4: Myanmar Stores Distributed by Monthly Visitors)

(Source: Self-developed based on the data of aftership, 2025)

### ***Theme 3: The role of store operations in link with the strategy-performance***

In Myanmar, the e-commerce industry has been exploding and competition in the retail sector has been intensifying over the years. Close interaction with customers is crucial for these online platforms to achieve advantages and stay ahead of others. Practical features will have to be offered by the online retailers along with reasonable pricing as compared to offline retailers. Shopping online and focusing on e-business has led to the requirement of several web factors and exhibition of virtual images of the store to obtain customer satisfaction. The perception of store performance is responsible for the store image, where factors such as quality of service and product, brand image and reputation of the store also comes into play. E-commerce platforms should be designed in an easy-to-use manner but it should also be made sure that the security and functions of data privacy are avoided at all costs (Htet, 2025). This ensures upgraded technological solutions

in retail that also offer data protection and immunity to fraud cases. Ultimately, customer satisfaction is tied to these factors, determining whether the customer will be acquired on a long-term and sustainable basis.



(Figure 5: Myanmar Online Stores App Spend by Industry)

(Source: Self-developed based on the data of aftership, 2025)

The trade corridors have been significantly impacted by the operational efficiency and in relation to the strategic viewpoint, the outcomes of the logistics and retail sector of Myanmar have also been impacted. The performance of logistics depends on various factors, such as customs clearance, reliability of transport and visibility of the supply chain (Banomyong and Fernandez, 2021). All these factors are key benchmarks of operations in the retail sector and have a profound impact on the performance as well. Myanmar faces several challenges, such as lack of proper infrastructure and inefficiency in procedures, that hinder the proper working of retail stores, such as timely replenishing the stock and streamlining the operations of logistics. These factors are directly correlated to availability of the product, which further affects the customer satisfaction. Retailers who are directly dependent or operating within trade corridors can highly benefit from optimized times of transit and decrease the rates of variability, which in turn positively affects the service quality and accuracy of the inventory. Long-term strategic objectives are also fulfilled, such as effective customer retention.

## DISCUSSION

The results of this research confirm that store operations do serve a crucial role in the coordination of strategic undertaking with business outcomes. Myanmar's gradually changing retail industry highlights some operational factors, such as service delivery, inventory management and customer experience as primary requirements that directly play a role in influencing customer loyalty and profitability. Effective use of technologies, such as artificial intelligence and machine learning can leverage processes like inventory prediction and provide personalized marketing for individual customers. Through the means of experiential marketing, in-store layouts and attractive store interiors can also have an impact on acquiring new customers and sustaining engagement.

E-commerce platforms have shown significant growth as well and require adhering to ethics, ensuring cybersecurity for all its customers. Decision-making plays an important role in inventory management, where demand forecasting is needed to avoid overstocking of goods and products. Operations are closely associated with strategies and adoption of multi-brand offerings and robust practices of supply chain can help achieve better performance in the retail industry of Myanmar.

## CONCLUSION

Thus, it can be concluded that store operations play a significant mediating role in strengthening the strategy-performance link in Myanmar's evolving retail sector. Product innovation, inventory control, and service quality are some of the vital factors that affect customer satisfaction and ultimately, the performance of retail organizations. The retail stores can be highly successful if they balance technology, deliver personalized services, and optimize supply chains and also have a 'customer-first' mindset. Store operations leverage the

advantages of strategies and ensure that their execution is concentrated on improving the overall performance of retail stores. To achieve sustainable growth and stay ahead of the competition, the retail industry of Myanmar has to overcome operational barriers to effectively bridge the gap that exists between the strategy and performance relationship.

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