

Extended marketing mix of convenience store assignment

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Background of the Study Convenience stores are in demand all over the world for its unique commercial properties. They are usually open 24 hours a day, seven days a week, carrying a limited life of high turnover convenience products and are conveniently located for quick in and out shopping. These stores provide “ fill-in” purchases for consumer needs. Engaging into this kind of business with the right location, pricing strategy, inventory of products, and pleasant customer approach, it can generate high profit margin that can cover up expenses upon entering the business.

As today’s fast technological advancements, convenience stores faced both an opportunities and threats in its industry. Management of different stores decided to terminate a full strategic plan in order them to stand still in the succeeding years as the competition of convenience stores become tighter. According to Smith (2007) the Southland Ice Company is credited with the birth of the convenience stores in May 1927 on the corner of 12th and Edgefield Streets in the Oak Cliff Section of Dallas, Texas. Uncle Johnny” Jefferson Green, who ran the Southland Ice Dock in Oak Cliff, realized that customers sometimes needed to buy things such as bread, milk and eggs after the local grocery stores were closed. Unlike the local grocery stores, his store was already open 16 hours a day, seven days a week so he decided to stock a few of those staple items. The idea turned out to be very convenient to customers. National Association of Convenience Store (NACS) reported last July 2009 that the world’s highest convenience store density is in Taiwan.

The number of convenience stores in Taiwan has continued to increase in recent years. As of 2009, the total number of convenience stores in Taiwan <https://assignbuster.com/extended-marketing-mix-of-convenience-store-assignment/>

has surpassed 9, 000, maintaining Taiwan's position as the world's most competitive market for convenience stores. In line with The Japan Franchise Association, as of August 2009, there are 42, 325 convenience stores in Japan. In this highly competitive market, these chains offer multiple conveniences, allowing consumers to pay their bills, deliver overnight/express packages, internet/television, marketing, etc. hey also offer high quality, freshly ground coffee sales that are providing great competition for big coffee house chains like Starbucks coffee, 85C, Mr. Brown Coffee, and Dante Coffee. In Canada and U. S. , convenience store is operated by supermarkets and hypermarkets to extend their products and to gain sales in fast manner. The U. S. convenience stores industry, with nearly 145, 000 stores across the country, posted \$511 billion in total sales in 2009, with \$328 billion in motor fuel sales.

A Canadian has won in the Global Convenience Industry Award recently ??? winners are Scott Lombard, JTI-Macdonald Corp. and Magda Grabowski, Mac's Convenience Stores. Since 2006 Canadians have achieved outstanding results at this international competition producing six winners (Canadian Convenience Stores Association, 2011) Convenience stores rely heavily on the point of sale. Customers' ages and gender, as well as tomorrow's weather forecast, are important data. Stores place all orders on-line.

As the store floor sizes are limited, they have to be very careful in choosing what brands to sell. In many cases, several stores from the chain do business in neighboring areas. This strategy makes distribution to each store cheaper, as well as making multiple deliveries per day possible. Generally, food goods

are delivered to each store two to five times a day from factories. Since products are delivered as needed, stores do not need large stock areas. The lifeblood of Philippine retailing is the huge network of small mom and pop stores known as sari-sari stores.

Sari-sari variety stores make up 90% of the retail outlets. A modern version of sari-sari store is the convenience store. It mixes the attributes of a traditional sari-sari store, with that of a supermarket, and offers a wider selection of product lines in a friendly comfortable, quick service, and strategically located venue. Typically open 24 hours a day, seven days a week, and even holidays, it caters to the fast-paced and changing life-styles of urban professionals. There are over 600 convenience stores in the Philippines.

As cited in the Manila Chronicle on June 20 2009, a convenience store would not be popular if it does not live up to its purpose. On the average, a single branch draws more than a thousand customers per day. While meeting the customers' various choices and preferences are never easy, each store designs its own marketing plan to win the patronage of the market.

Convenience stores are well positioned to take bigger share of the market in urban areas. In the Philippines where urban growth rate is placed at 4. 2 percent annually, stock market analysts predict bright prospects for the business.

With the increasing rate of urbanization coupled with the trend towards fast-paced lifestyle, a bigger market for convenience stores is to be expected. In the City of Urdaneta, number of convenience stores rose up to five (5) which

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are operating 24 hours. They are 7-Eleven| Alexander Street, Poblacion, Urdaneta City, 7-Eleven| Mc Arthur Hi-way (beside Jollibee), Urdaneta City, 24/7| Mc Arthur Hi-way, Urdaneta City and Treats (Petron)| Mc Arthur Hi-way, Urdaneta City and recently 7-Eleven| Mc Arthur Hi-way (at Panpacific University North Philippines (PUNP)), Urdaneta City opened.

This is because of the increasing growth rate of population and rapid influx of business establishments. Most commonly, convenience stores in the City of Urdaneta are located near schools, bus stops, and gasoline stations targeting students and passengers as their main customer. They provide their customers items which can feed their nicotine habit, spoil their diet, and ease their thirst and other services. They had unique concept of services and others but have poor development strategies which they need to improve.

The factors affecting the operation management of convenience stores in the City of Urdaneta consist of the Management Technique focusing on Strength, Weaknesses, Opportunities and Threats (SWOT) analysis and the Marketing Mix which is composed of the 5P's namely; Product, Price, Place, Promotion and People. As stated by Boaz and Pass (2008), the SWOT analysis is particularly helpful in identifying areas for development. The strength, weaknesses, opportunities and threats (SWOT) analysis is one of the main tools in the strategy formation process.

As quoted by Armstrong (2006), " Part of the development of strategies and plans to enable the organization to achieve its objectives, then that organization will use a systematic/rigorous process known as corporate planning. " Despite the huge potential and the magnitude of investment

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required to penetrate and serve the convenience store, there is a lack of insights and studies on the operation of this store format. Majority of marketing and management studies done both in the academe and in the consumer goods industry is on the end consumer.

There are very few studies done on the trade. This paper seeks to add to the body of knowledge on operation management of convenience store. As far as the present study is concerned, the researchers attempt to conduct this study to improve the development strategies of the convenience stores in the City of Urdaneta and also to propose technological advancements that is needed for more convenient way of their scope of services and products to the customers. This will ultimately benefit the management, customers and the City of Urdaneta.