

Responsiveness
desired stock keeping
unit so the products



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Responsiveness known as the supply chain ability to respond within a proper timeframe towards customer demand or changes in the market. There are several ways for convenience store in order to show their responsiveness to customers as done by Seven Eleven Japan as follow:

- Increase the number of distribution center, vendor, or stores in potential location in order to expand the market and be able to fulfill more customer needs. Moreover, more facilities would likely reduce the distance of customers into the stores which will increase the visiting frequency of customers into the stores. High cost investment and maintenance cost to build and maintain all the stores were the risk for this decision.

- Create rapid replenishment (delivery capacity) to meet more customer demands. Despite the high cost for transport with larger capacity, there are others additional cost for loading and docking. Another risk is the probability of uncertainty will increase if the delivery products in huge capacity is kind of food or beverages which need special treatment and easily going stale.
- Increase the number of inventory at desired Stock Keeping Unit so the products status will always available. Even though this method is quite helpful to maintain the products stocks but the inventory cost is quite high and it needs extra space of warehouse which may also have a bad impact if the products were kept is a seasonal products or customer will only seek these product on specific situation.
- Develop an integrated information system between stakeholders (vendor, distribution center, store manager, customer) to make the information flow process become faster and more efficient. Uncertainty will possibly occur if there is any technical problem on the network or the user which lead to incompatibility of demand and

supplies. Micro-match supply and demand strategy using rapid replenishment that Seven Eleven Japan attempt were done within a timeframe with the number of delivery that has been set by default based on forecasting analysis conducted previously.

The risk occurs if there is a forecasting error and communication error which makes demand and supplies are not matched. These problems will make inventory excesses or shortages occur. For instance, if suddenly there is high demand occur from a group of tourists on holiday season which possible to reduce the store stock drastically while the replenishment schedule is still need to wait at the time, which result to the products availability for other customer. Another problem arises if the shipping time were delayed which cause massive complaints from customers as the effect of unsatisfied service and also the next shipping schedule will be chaos.

Seven Eleven Japan choices will be explained briefly below:

- Facility Location Expansion policy with market dominance strategy where Seven Eleven stores build around a cluster consist of 70 to 80 different stores supported by a distribution center and able to fulfill huge number of customer surrounding. The stores location that close to each other will make the shipping facility (such as truck) easier to deliver each stores
- Inventory Management Seven Eleven has a rapid replenishment cycle since it is controlled by customer demand or order. There are only few products stored in the warehouse. The rest of products are foods and beverages which needs to be delivered immediately so that the products will still fresh until customers receive the products.

There are also seasonal products that need to be delivered directly by suppliers into Seven Eleven stores through a distributor because if it is stored in the warehouse for too long, it will pass the specific season which makes the product unsalable anymore. Transportation suppliers provide the products after receiving orders from an integrated store information system. After going through the manufacturing process, the products will be delivered to a distribution center based on the daily, weekly, or monthly schedule that has been set by the Seven Eleven manager in order to achieve effective responsiveness with minimum cost.

Information Infrastructure: Seven Eleven uses the Total Information System which connects the head of company, stores, vendors, distribution center, and customers so the supply chain will be more responsive and effective. This information system matches the supply and demand data in order to achieve high responsiveness and lower production and replenishment cost. The distribution center has several important roles for Seven Eleven such as to reduce the store manager's burden to check, count, and manage the products transferred from the factory to the store, especially when the company delivers some small order packages in a rapid cycle that will cause trouble for the manager if it is delivered for a couple of times. In this situation, the distribution center has a role to collect the product packages and deliver the products to Seven Eleven retail stores so the manager will only focus on maintaining and increasing services for customers. Moreover, the manager is able to hand over the Seven Eleven system to the distribution center for them to run the system based on Seven Eleven's desired standard. Direct Store Delivery is more appropriate when the delivery actually uses the maximum

capacity of shipping truck from the manufacturing into the retail store so the transportation cost will be minimized. It also able to be done if the products that were delivered is guaranteed matched according to the number, standard, and safety system that owned by Seven Eleven itself.

Using Seven-Eleven as a place of inventory of goods as well as place of goods by customers as a drop off in the nearest area on online delivery system is the concept that 7dream applies. This concept led to the great success of 7dream because from the results of surveys conducted on customers that collected from the case study, they prefer to take the goods they buy in the Seven-Eleven area nearby and shipped with this way rather than delivered directly to the home address. It also can push the cost delivery package with lower than it does, yet there are also some consideration with this delivering system where the possibility of customers not picking up the goods as soon as possible which is lead to the using up the storage space in there and it needs necessity pretty much place for the package that are not offset by Seven Eleven store capacity. In terms of supply chain perspective, Japan is slightly more successful than in America. Since Japan apply a system or concept that use delivery network and frequency of Seven Eleven visitors and it ensure that the bundles are not involving significant storage space for quite a while and frequent customer visits to Seven Eleven keep the goods on the inventory quickly taken.

Use of this existing network in addition to reducing cost is also a point of 7dream success in Japan. This is probably not happened in the United States of America due to the cultural differences and traditions of society.

Implementation of Japan's Seven-Eleven supply chain structure to Seven
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Eleven America can be done but will not be exactly the same as its supply chain structure because the supply chain structure of USA can never be precise as Japan. There will be many handicaps encountered when implementing the Japanese Seven-Eleven supply chain in America due to differences in organizational culture in both regions and most likely supply chain will not run normally.

Other than that, there is additionally a distinction amongst Japanese and American tradition and Seven-Eleven is not just a company that dominates the American region like Japan but there are still companies like Seven-Eleven which likewise rule in the American zone. This is what affects the level of supply chain success depends on many factors. Yet, the implementation of Japan's Seven-Eleven system in America is also possible despite of the transportation level in America and Japan is different but it has proven to be a real success in Japan. Hybrid system can be done to adjust the system, which has been done in some areas in America.

Pros: The advantage of having an outsourced distributor that replenish the stores is at the cost. It decreased costs required for material or item transportation and representative financing of labor cost for the distribution system. This also greatly affects and influences the plan of the manufactured framework, since it enables the organization to quicken the stream of items, operations, funds and the absence of any third party intervention.

Cons: The most troublesome first thing from outsourced distributors is the loss of full control of the flow of products, operations, and assets. And

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furthermore the troublesome of integration of systems that have been built before by the company.