

Convenience store and 7-eleven

[Business](#), [Marketing](#)



7-Eleven in Taiwan Yuko Matsumura National Chengchi University Abstract

Nowadays, convenience stores have become more and more common in Taiwan. If you just look around everywhere, you will soon find there are a lot of convenience stores surrounding your town. Among several convenience store chains, 7-Eleven, or the President Chain Store Corporation, is the most popular one now. The paper focuses on why 7-Eleven is so successful in Taiwan and pursues what is behind it. In the beginning, to understand the position of 7-Eleven's parent company Uni-President Enterprise Corporation (UPEC) in Taiwan, and investigate how it influences the success of 7-Eleven. Also, based on the data which showed the consumers' satisfaction towards 7-Eleven's service, to consider how 7-Eleven's service performances are evaluated by consumers and what kinds of management manuals they have. In last, the paper will discuss the influences of 7-Eleven's special marketing geographical strategy and its advertisement effects on consumers.

This information will help us know why 7-Eleven can continue to improve.

Why 7-Eleven succeed in Taiwan? Introduction According to the article " Taiwan Convenience Stores 2010", " In 2009, Taiwan's four major convenience store chains such as 7-Eleven, FamilyMart, Hi-life, and OK operated a total of 9, 184 stores around the country, a density of one store per 2, 500 people, making Taiwan the densest market in the world in terms of convenience stores. " Among several convenience store chains, 7-Eleven is the most popular one in Taiwan now. To think about the history of Taiwanese convenience stores, according to the article " The Development and Trend for Convenience Stores" from Managing Convenience Stores Theories, the Uni-President Enterprise Corporation (UPEC) had contributed

the great role to the development of convenience store in Taiwan. “ On May 27, 1979, UPEC stated with fourteen chain stores and in this year, UPEC cooperated with the Southland Corporation, having the longest history and the biggest chain convenience store Company in South America, imported 7-Eleven to Taiwan”. The first 7-Eleven in Taiwan opened in 1980 with 27 stores and the sale of this year was just only NTD 1. 2 billion. Although 7-Eleven grew 62 stores in 1984, the sale still did not improve a lot, and 33 stores had been closed this year. Nevertheless, the 7-Eleven company did not stop to increase the number of stores; in 1987 they started to work 24 hours with all 168 stores. Since this turning point, 7-Eleven started to expand its business and in April 2010, 7-Eleven expanded with 4733 chain stores with a sale of NTD1017. 6 billion in a year.

This paper will explore the following questions:

1. Why 7-Eleven is so successful in Taiwan?
2. Does 7-Eleven's parent company the Uni-President Enterprise Corporation (UPEC) role relates to the success of 7-Eleven?
3. What kinds of strategies 7-Eleven has? It is valuable to study why 7-Eleven can continue to improve and understand their strategies and backgrounds. What is the Uni-President Enterprise Corporation (UPEC)? First of all, to understand the position of 7-Eleven's parent company Uni-President Enterprise Corporation (UPEC) in Taiwan, and investigate how it influences the success of 7-Eleven.

According to the article “ The Revenue for UPEC in April is 41. 92 billion and increasing annually by 7. 41%”, “ The whole profit-making of UPEC in April recorded NT41. 92 billion, it increased 7. 41% from last year at the same <https://assignbuster.com/convenience-store-and-7-eleven/>

time". Uni-President Enterprise Corporation (UPEC) is the only company in Taiwan, which has many kinds of food manufacturing branches, and dozens of products can be made through only one branch. Major domestic subsidiaries of UPEC are such as 7-Eleven, Starbucks Coffee Company, Mister Donuts, Muji (Taiwan) Co., President Drugstore Business Corp. (COSMED), President Transnet Corp., Semeur De Pain, and so on. We can see there are so many subsidiaries under the UPEC and each of them quite a popular company in Taiwan now. " While adequately integrating the subsidiaries of retail, logistics and recreational service companies within the group, rapidly expanding its business territory". The subsidiaries of UPEC's business tie-up increased its business territory and made UPEC a more powerful company. In 2005, the profit-making of the food industry UPEC exceeded over NTD 1, 000 billion".

The food industry of UPEC is one of the famous companies in Taiwan, if you look around 7-Eleven's food categories, you will soon find a lot of them are from its company. Now, we know such a big food industry behind 7-Eleven, is it related to the success of 7-Eleven? Food is an important role in convenience stores. In the article " The Almighty Convenience Store, 7-11 and Family Mart Competes", E-IPC, the research of Taiwanese people whose frequency to visit convenience stores which started from 1988, suggested those who answered once a week was 53. % in 1995; in 2009, those who answered to go there every week was 84. 7%, among them, the sum of those who answered three times a week and once a week was 50%, answered going every day was 34%, surprisingly, those who answered visited over twice a day was 7. 3%. The age of main consumers who

spend money in convenience stores is 13 to 64, the E-IPC from 2006 to 2009, shown that those who answered visiting there every day was increased 30.8 to 34%. From the data, we can see nowadays people visit convenience stores more often than before. Then, what kind of people have become regulars nowadays? The article shows that the Taiwanese population is mostly working-class; they at least buy two takeout meals per day, and these two meals are mostly breakfast and lunch. Now, we know the main consumer of the convenience store is the working-class people and their needs are food.

According to the article "Local Convenience Stores' development and future in 2008", the data of "The Private Brand of four big convenience stores in Taiwan" shows that 7-Eleven's main products such as "Drinks, fresh food, snacks, coffees, daily commodities", all of them come from UPEC company or their own 7-Eleven brands. As to Family Mart, their main products are the "Fresh food and drinks", Hi-Life's are the "Fresh food and dairy products", and OK is the "Fresh food". Besides, "Family Mart said the sale of fresh food items currently accounts for only 12 percent of its revenue. In Taiwan, the industry average is 20 percent" (Business weekly. 010), compared with other convenience stores, Family Mart provides less food and it may give distance with 7-Eleven's high sales because people's needs are food. Then, how does the CVS chain store attract the customers and create nonstopping motives for them to buy? There are two perspectives on this; one is the products that they are currently selling. With the penetration of the stores, expanding their takeout meals market is also an important marketing strategy. Therefore, the convenience stores' targets the timing to do marketing strategies or

other promotional plans. For example, in 7-Eleven, drinks and breakfasts are only 39 NTD to promote their products. Internal business management of 7-Eleven

According to the date of "The Benchmarking Companies of Digital Service in 2011", 7-Eleven, or the President Chain Store Corporation, ranked the top in-retailer category, it can say consumers are satisfied to the services of 7-Eleven. From this date, we can consider why 7-Eleven's service performances are evaluated by consumers and what kinds of management manuals they have. According to the book "Successful CVS Strategies" by Chen Kuang in 2006, stated detailed and specific personal management is 7-Eleven's basic concept. There are three main management concepts of 7-Eleven such as work refinement, formal management, and the core value to the consumers. First of all, the feature of 7-Eleven's staff management is refinement work. For example, as to cleaning, "there are many stores that are required to do the cleaning but fewer stores have cleaning process and every department has its own regulations, 7-Eleven is such convenience store". Even though cleaning which parts in what time, the way or the order to clean, using which tools to clean, all of which are written in their management regulation, and workers should be following it every day. Their regulation is including such as cleaning of doors, floors, around of sales counter, electric lights, parking areas, public telephone outside the store, and so on. As to formal management, "Working Progress reports are written by every staff every day, which can make the staff clearly understand when to do what at where and how".

Also, 7-Eleven executes a working progress report for every worker once a time, which includes evaluation of oneself or other workers. Also, the customers' core value is to provide and support how 7-11 should run the business. They consider receiving the consumers' hearts is important for their value and the growth of the company. " For example, 7-Eleven's staff cannot answer " I don't know" for their consumers' questions. They should say ' Could you wait for me for a while, I'll check it', or ' Can I ask your phone number? I'll contact you if I know the result'". They also have seven technical words which should say if they meet the consumers such as regular greetings, please watch your step, and take care.

We can see the 7-Eleven's personal management is really detailed which increases their work efficiency; also their regulation requires staff to be precise in work and have the right behavior toward the consumers. Such 7-Eleven's management may lead to the consumers' satisfaction. Staff training and evaluation are also an important part of 7-Eleven's internal management. 7-Eleven has three training centers in Taiwan such as Taipei, Taizhong, and Kaoshiung, where trains the new staff's knowledge, attitude, skills, and abilities. " The new staff takes training classes for the first four and a half-day and one left to do retail sales practice".

In addition, " 7-Eleven training materials are renewed every six months" which we can see 7-Eleven changes their management manual depends on the social condition or people's needs. As to managers' training and evaluation of promotions, " the 80% to 90% of 7-Eleven's senior management employees were raised from the basic unit staff to be promoted". For example, if a graduate college has performed well in the

basic unit staff, he will be the vice manager in three years. Employing people in a promoting way, which can maintain stable management, decrease employees' fluidity. The workers have done need to worry about their future at the same time training rich experience staff workers. Marketing Geographical of 7-Eleven Taiwan is a high densely populated region, it has limited for the growth of big stores, and they cannot establish their companies easily. However small stores, especially convenience store, has more possible to be future development mainstream". As we know convenience stores in Taiwan have been increasing their marketing territory nowadays. According to the article " The Comparison of 7-11 President Convenient Chain Stores, Family Mart Convenient Chain Stores, and Hi-life Convenient Chain Stores", the research of the main convenient chain stores in Taiwan in 2007 showed that " 7-11 President Convenient Chain Stores was on the top of the rank, which owned 51. 87% of the market; Family Mart Convenient Chain Stores owned 24. 6% of the market and Hi-life Convenient Chain Stores owned 14. 33% of the market". 7-Eleven shares more than half of the convenience store market in Taiwan, and has raised its publicity. However, they are not only increasing the number of stores but also having the strategies to set up it. " According to the Statistic suggested that the condition of location influences the store's success of 60%". To see 7-eleven's geographical condition and learn their three important strategies such as confirmation of the business place, Choosing the right place, and address and evaluations.

Confirmation of business place refers to " the basic investigation of the business place and know their competitive market". For example, the

residential area is more stable for stores' profit. The next, choosing the right place means that 7-Eleven always set in the consumers' daily routes such as on the way of going to work or school, parks, and so on. Also, address and evaluations are the condition of population density or using the rate of success to calculate if the store should be established or not. 7-Eleven always investigate the place deeply, to understand either the place can lead to 7-eleven's success or not. Moreover, the central construction is also one of 7-Eleven's geographical strategies. It will consider four major effects from central construction that is decreasing the budget of advertising, increasing the image of the business, being controlled better and the quality would be better, and increasing the efficiency of delivery and decrease the amount of money and time spend on it. For example, at our school at National Chengchi University, we can find three 7-eleven inside the school campus and two outside of school. There are five 7-Eleven around our school; some of the stores are running together because we sometimes see the employees go 7-Eleven in this store or move to that one. It can help each store's business and can cause a great advertising effect for 7-Eleven. Advertisement

If you watch any commercials on TV for a while, you will soon be aware that it is easy to find 7-Eleven advertisements. Recently, 7-Eleven's commercials have increased, do these advertisements really influence the increase in their profits? The article indicated that " After several failed attempts, 7-Eleven came out with the low price City Cafe in 2004. However, with the success of commercial advertisements in 2007, 7-Eleven has been selling 30 million cups of coffee a year". Whatever strategy does 7-Eleven used and rises up its profits? Since November of 2009, the usage of hiring celebrities

with different impressions to be with representatives, to have a strong stand in the coffee market. The 7-Eleven's parent company Uni-President Enterprise Corporation (UPEC) has a lot of subsidiaries whose business tip-up makes each company's development. For example, the food industry of UPEC supports 7-Eleven's variety of food products and increases its outlets than other convenience stores. Especially, for the working-class people whose purpose to visit the convenience store is for the food, it can say the food industry of UPEC's support relates to the success of 7-Eleven. Also, the detailed internal business management of 7-Eleven makes workers can understand clearly how they work and behave, and following its regulations which increase the efficiency of each store.

Employing people in a promoting way also give them more faith in their work. If the management does not give stable work conditions for employees, they also cannot give a good response to the upper levels. Moreover, 7-Eleven's geographical marketing or a large number of advertisements also raising up their publicity and become the one strategy for success. If we do not know what is hiding behind 7-11, we will never understand why they are so popular in Taiwan and how they succeed. To the success of one company, the management should consider a lot of possibilities to make their business more efficient and always observe people's minds. For instance, " 7-Eleven's training materials are renewed in every six months", from there we can see they always change their materials depending on the passage of the time, it also makes 7-Eleven's continual improvement. In 1984, 7-Eleven closed up 33 stores because of the crisis of management, and their brand of City Cafe in 2004 recorded low

price; nevertheless, the history of 7-Eleven is not always successful but they come up with new ideas to solve the issues. What can we learn from 7-Eleven is that even though the result is a failure, you forge ahead and try next without giving up.

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