

Tanpin kanri: retail practice at seven-eleven japan



Japan was a seller's market until the 1970s, but as profits decline in the late 1980s, a buyer's market began, necessitating reform in the retail industry. Reason for this shift was ownership of objects was very high among Japanese consumers. "Toshifumi Suzuki, Chairman and CEO of Seven & I Holding" Established in 1974 as a small licensee of 7-Eleven, Inc. , Seven-Eleven Japan grew to become the leading convenience store in Japan by 2005 in terms of operating income and number of stores. They emphasize on fresh merchandise, innovative inventory management techniques, and numerous technological improvements.

Their growth had been very carefully planned, taking advantage of the core strengths that they had developed in the areas of information and distribution systems focusing on the convenience retail business as an operating company, devoted to responding to changes in expectations and demands from customers without deferring delivery. Seven-Eleven Japan stores differ totally from the U. S. in that it served as a convenient food center for busy professionals displaying an array of inexpensive, high quality food deliver daily.

Seven-Eleven Japan has been able to put into practice a system name Tanpin Kanri as the core of their management framework. Tanpin Kanri is a marketing administration exercise dedicated on filling buyer demand through a store-by-store approach to shelf management that uses store-level human understanding and information sharing about products, for the purpose of well knowing how certain surroundings affect demand on a product-by-product basis, and then tracing a cycle of product gaining and

delivery that suits the demand. It empowers retail clerks to tweak suggested assortments.

These front lines workers are in a position to know how details like holidays, religion, the weather or a local sports events will impact the store, always having in mind how Japan's residents pay extremely close attention to their culture. In today's Japan is quite difficult for new companies to enter the market of retail convenience stores because it has been already saturated. Dominant convenience stores already exists and the streets of Japan are filled with a variety of convenient stores especially in Tokyo, serving an affluent and busy population of young professionals.

One of the strengths of this company is that they have been able to create a solid information system to discover timely trends in markets demands, and intelligent process to turn this collected data into valuable information for product replenishment. They also created a highly efficient shelf space allotted in the condensed Japan maximizing sales per square meter displaying the ultimate retail-business model. Adding to that Seven-Eleven Japan gave the opportunity to Japanese people to make shopping anytime, so it was an innovative way to attract busy customers.

Seven-Eleven Japan company level strategies can be describe as attempting to micro-match supply and demand using a system of rapid replenishment. They competitive strategy is to provide high-availability of a variety of reasonable quality products at sensible prices. Seven-Eleven Japan must attempt to be responsive and provide customers with what they need, when they need it, where they need it. They can improve this responsiveness with

local capacity at each store and assemble food on demand. Inventory would be store as raw materials.

Food could be put together on demand, in a way of a Subway franchise type store. A customer could place an order online and be greeted by the store clerk with a confirmation order conversation and in a very short time have their order. Having all inventories available at the stores at all times is another approach. Also they could tryout with rapid replenishment process, making sure these stores are set-up with a quick refill of supplies. Seven-Eleven Japan should have employees accessing tablets computers link to headquarters as they walk the aisles.

The computer touch screen can summon up details of individual products, sales data going back for weeks and even Japanese holidays and local events programmed that will mix marketing with culture. A clerk can quickly see a customer approaching the cash register, quickly key in a visual profile and match the profile to the customer purchases. That information helps both the store and its suppliers refine marketing and inventory and allow both the store and corporate managers to read the same data. The store manager will review the information by sales trends and stock-out by segmented groups.

That way they will hold extensive knowledge of market demands. The employees also use the tablet computer to track freshness of every piece of food including sushi or fruit. This will be a great way to include this cutting edge technology to serve the impulsive desires of customers. They need to market more to professional career women not only individually but to the family oriented environment. The weekend soccer mom or the during the

week karate mom that need a quick dinner or lunch package can place an order thru her phone and do a quick pick up.

Also corporate can look into outsourcing a Loyalty Marketing Program to rewards loyal customers and perhaps implement a data mining program. The risks associated with these recommendations are attracting educated managers to work at these convenience chain stores. I do not see educated professionals been very hands-on with all the very small details that will be necessary for a store to be successful. The manager will have to be involved in all aspects of the store to include perhaps greetings customers or cleaning toilets.

Also the image of an educated Japanese person been manager of a convenience store will not be appealing with recent college graduates always opting for high paying corporate jobs. Also the rapid replenishment cycle will have to be exclusive for the night shift. The risk associated with this approach will be the increase cost associated with the ordering and delivery since orders will be smaller and more frequent. As for the inventory on store recommendation the risks associated with this will be the extra storage space needed for merchandise and this very same inventory becoming obsolete or been able to keep fresh.

Seven-Eleven Japan will have to work to improve its supply-chain, inventory systems and consumer-oriented focus presently and into the future by continuously developing their information system. Supply chain management is a strategic choice by managers in order to meet the Japanese environment and their needs. They should create a tight feedback

circle from local stores to corporate offices to supply chain. By focusing on the consumers and responding to change, the data rich supply chain management is the most suitable approach for efficiency and customer value with a rich culture oriented Japanese country.