Eleven case study

Business

This implies that many small stores are opened in a ewe area supported by a distribution center.

Trucks could be filled at the distribution center and sent to multiple shops on a route, which is the main success of the logistical system of 7-Eleven. This clustering thus allowed for an efficient distribution system, but also improved brand awareness, advertising effectiveness. Moreover, the high-density market presence pushed away any competitors from the area. The same strategy was not effective for the USA.

Because of the lower population density, the inhabitants preferred bigger stores in which they can purchase all their daily needs at once. In the US, stores are supplied using direct store delivery by producers and by wholesalers (Adulterate, W.

E. H. & Fielders, J. F. M. , 2013).

Rhea different cultural views of convenience stores in Japan and the USA play an important role. Most US customers consider the 7-Eleven stores as regular stores during gas-refill or for last-minute visits. In comparison, the Japan customers see the conveniences stores as what they call zoning (" Zoning: Japan's all-in-one," 2009).

It is considered as an important way of life and the stores have a positive image among the customers. The Japanese 7-Eleven business model tries to maintain this positive age and loyalty by gathering data about their customers and use this data to create knowledge.

In this way 7-Eleven becomes an innovative business with constant new challenges and new services for customers. Examples of these innovative services are that inhabitants of Tokyo, Japan could pay their electricity- or telephony bill at the 7-Eleven store, but they could also send their products, which they ordered online, directly to a near convenience store.

In March 2007 7-Eleven Japan introduced Territory-bin. This service gives consumers the opportunity to order products online ND pick them up in a selected nearby store. Rhea next level for 7-Eleven is to implement a new home shopping experience.

This new service offers customers the opportunity to order their groceries online and have t delivered to their home at their desired time. The implementation introduces new factors that affect the current way of working.

These factors affect the important key logistics components that come across by implementing the home shopping experience: efficiency and responsiveness. Efficiency, on the one hand, implies the execution to a service or operation using as less time and money as possible. In the case of 7-Eleven, there must be a balance between a quick delivery and minimizing transportation costs. Responsiveness, on the other hand, suggests the respond and accompanied actions on the customer's demand.

After an online order, the customer Niches to receive his or her goods as soon as possible.

The customer demands a preferred time frame, because he or she cannot be at home all day. The objective for 7-Eleven is to satisfy both needs without losing their efficiency. There are many sources of modern technology that can add value in implementing and improving his new service, like mobile devices, big data and social media. The impact of the latter, we will analyze in this report. Problem description For the new home shopping experience service, several logistical consequences will occur during the implementation of this service.

-Eleven will need an additional transportation service to provide the delivery from the distribution point to the customers. This transportation service can be provided by 7-Eleven or outsourced by transportation firm, which both will increase the logistical costs of 7-Eleven. Another main logistical consequence for 7-Eleven is to keep track of all the new information flows from this new service, for example orders from the customers, preferred delivery time and location of delivery. A new or updated IS is required to systematically process this data of information flows.

To integrate a new IS into 7- Eleven's current system can be challenging and also the start-up cost is high. Rhea main logistic issue discussed in this report is the movement of information flows.

It is crucial for 7-Eleven to be efficient in processing the additional information flows generated by the new home shopping service. If, for example, the customer is not at mom during the first delivery, the cost of delivery for 7-Eleven is doubled. Therefore, the information flow between the customer and 7-Eleven is of great importance.

There should be a new information flow between the home-shopping service and its suppliers, carriers, distribution centers and customers. This concept is known as the supply chain. With all the new generated information flows from the home shopping service, it will be difficult to process this huge amount of additional data.

One of the possible solutions to support this logistical issue and improve this process is through the use of social media. Over the years social media has become an interesting and powerful tool for companies to improve the information flows between customers and producers.

Social media is powerful, because it is an information channel used by the majority of the modern society on a daily basis. It allows the company to communicate better Ninth the customers. It also provides the company additional services. These services can support existing products, but is also a place for feedback and knowledge exchange.

For example, the 7-Eleven home-shopping experience may provide extra information via Faceable orTwitter. For customers this suggests a direct track of their delivery and extra support.

Beside this, the most important factor is the reach of many people with the single click on a button. If the platforms are updated continuously and are enhanced well, social media can be extremely beneficial to a company. Social media is evolving quickly and can make or break a company.

Ay using social media, the information flow between the customers and 7-Eleven will be improved, but more importantly, 7-Eleven could also apply this

improved communication as an opportunity to forecast the demand. For example, social media

IS the main medium used for an individual to express its preferences and whatever he or she thinks is ' hot' at the moment. Social media such as Twitter for instance, analyzing the so-called trending topics' on Twitter tells you instantly what the most important developments are in the world. This will help 7-Eleven to better indicate " hen and how much to restock their inventory. It could also be used to find out new trending products to sell.

So using social media to forecast demand will be beneficial to the whole supply-chain of 7-Eleven.

Problem statement Rhea main goal of this consultancy report is to emphasize the importance of the flow f information and how social media can enhance the information exchange between customers and 7-Eleven so that 7-Eleven can use this information to forecast demand. Therefore our problem statement will be: How can social media support 7- Eleven's home-shopping experience in forecasting demands? Outline of the report In this consultancy report, a thorough analysis will be done on already proven theories on social media and its power to enhance business processes.

These theories will be applied to our specific 7-Eleven case and a conclusion will be made. A best scene scenario will become the base of our recommendation and implementation. Analysis In order to be able to improve the IS and adapt it to the new home shopping experience service, the current state of 7-Eleven's IS needs to be analyzed.

7-Eleven is known for as a major innovator in convenience store operations, not by radically reengineering its business processes, but a sequential series of small innovations of small changes and improvements, also referred as Total Quality Management Frisson, Lee, & Neal, 2005). He IS of 7-Eleven is a heavily consumer-focused system, it discovers who their customers are and what they want, to create a sophisticated product-tracking system. His system uses an Integrated Service Digital Network (KIDS) to link their retail stores with their headquarters, which allows retail stores to directly access the central database containing all the collected data and analyses. The KIDS is also used to transfer essential data the retail stores gather throughout the day. For example, the clerks at every franchise must obtain the customer's gender and estimated age before scanning the bar codes of their groceries. He corporate and store managers both analyze the same data; subsequently the managers from the headquarters accumulate the data by region, time, and products; eventually they send it to all the franchises and suppliers the following day.

This is called the daily cycle of information gathering. It can focus on the individual consumer and make adjustments of supply immediately. 7-Eleven also uses a weekly cycle information analysis to review the previous weeks performance and develop strategies for the upcoming week.

A computerized decision support system will conduct a What-if' and ' goal-seeking analysis. Products that failed to meet the strict quality requirements will be removed from the supply chain.

The two information- adhering cycles are used to reduce the risk of any fluctuations in consumer demand Lazarus, Misspoke, & Mortality, 2007). Rhea bottom-line is, 7-Eleven has a sophisticated information system that improve its supply-chain and inventory systems. However, the home shopping service needs a different approach to collect essential data.

It is much more complicated for retail store managers to collect data, when customers are sitting at home or somewhere else. To be able to collect the data, it requires the managers or employees to communicate with the customers. This is exactly the reason why social media is a owe LU o or 7-Eleven managers to collect essential d tort their analysis cycles.

Tat Forecasting demand through Twitter Research has shown that chatters of social media channels are very useful in making quantitative decisions in business.

With Twitter, Faceable and other community sites and blobs, social media has become a form of collective wisdom that, if used in a correct way, can lead to the ability to forecast and analyze the success of different products. It is nowadays so powerful that it allows specific predictions about particular outcomes to be made, without having to institute market mechanisms : Assure & Huber, 2010). To start with, social media can be seen as a big data Morehouse with information generated by individual users of the Internet.

As the information is so enormous and high in variance, it is a very valuable source. Analyzing trends in the topics that individuals talk about online can make forecasts in demand.

More specifically, the trending topics in Twitter, which are the most talked about topics of the day, are already a great indicator of what is ' hot' in the world at this moment. A study on movies has been done to research the effects and predicting power of social media in the success of the different movies.

The reason why this study is relevant is because real-world outcomes are closely related to the outcomes of the movie successes. This topic can be extended to a large variety of topics, including those on predicting demand for a company like 7-Eleven. Assure and Huber executed the study, both employed at HP.

They posed a hypothesis stating: movies that are well talked about will be well watched. They defined a critical period for each movie, starting from one week before the movie is launched (in which a lot of propaganda for the movie is exerted) and ending two Knees after the launch of the movie.

During the week prior to the launch of the movie, promotional information (e. G. Promotional videos, photos, news and blobs) is hyped on Twitter and people on Twitter respond to that. The researchers found that the tweet rate of the movie : amount of tweets about a certain movie divided by the time in hours) turns out to be very good predictor of the movie performance.

It has a 0. 90 correlation from a regression analysis. The more people Tweeted, and thus responded, to the promotional adds, the more a movie could expect to be visited.

So the tweet rate is a good indicator for quantity of demand before the launch of a product. After the launch of the movie, it is no longer important how many people initially planned to go to see the movie. It is more important to manage the reactions of people who have actually seen the movie.

There will be more value for sentiments after the launch of the movie than before. People who have seen the movie will write recommendations and those will influence potential customers. To analyze the sentiments that are expressed towards a movie, the PEN-ratio is used.

This ratio divides the amount of Tweets with a positive sentiment by the amount of Tweets with negative sentiment. This helps the moviegoers to predict their success.

Sentiment analysis Rhea concept of sentiment analysis has recently gone big (see appendix 1). Sentiment analysis is used as a tool to predict how well a product/service or organization is perceived. That is why it is also called ' opinion mining. Once a company knows the opinions of their customers, they can easily adjust their demand. In the case study of Lice and Tutu (2011) a sentiment analysis was performed.

Opinions about different movies were tracked on Twitter and analyzed using a sentiment analysis tool. Each message was classified as positive, negative, or neutral. The outcomes were related against the Midi ratings. The index was calculated using a special formula: Where: Sent = sentiment index Importation = number of positive messages Innervating = number of negative messages rotaries = total number of messages, the sum of the

positive, negative and neutral ones. The study concluded that there is indeed a correlation between sentiment index and the Midi rate.

In other words: sentiments expressed via social media are Indicators of success.

As mentioned before, social media must be seen as a collective wisdom that can create a very powerful and accurate indicator of future outcomes. The theory on Twitters predictive power and Sentiment Analysis do not only apply to movies, but also very well to the case of the home shopping experience for 7-Eleven. As the company is struggling with keeping up with demand, social media and its predictors are good to be up to date with.

With specific new products, 7-Eleven can set a critical period and analyze the tweet rate and the PEN-ratio within it to forecast demand and popularity. Cost-benefit analysis Relatively speaking, the Internet can be used as a ' cheap' resource to distract data from. However, to use social media as a tool to forecast demand, the company will eave to make certain investments.

In the following table the costs as well as the benefits of using social media are shown: Costs Benefits Resource Staffing 31st of sales Costs of certain software and applications (e. . Twitter Search API) Customer retention Set up and execution costs Forecast of demand more precise SMS harmful if not managed properly Better flow of information between company and consumer Resource Staffing: in order to manage social media well, 7-Eleven will nave to hire a group of employees to form a strong social media team. This social media team will also deal with marketing related concepts. As

social media are an important tool Inch changes constantly, companies are obliged to have a strong social media team in order to stay up-to-date.

Costs of certain software and applications: in order to forecast demand more precisely, software and applications have to be implemented.

An example of an application is the Twitter Search API, which is the search engine of Twitter. With this application 7-Eleven can find relevant Tweets whenever they search for it. It is the task of the social media team to find relevant software and applications that will help the company in mining data through social media.

Set up and execution costs: to set up several social media, 7-Eleven will have to hire skilled people in order to create an adequate social media team. This recruitment process will elicit additional costs. Besides recruiting a new team, the purchasing of new equipment, for example new computers, software etc.

, is required. Social media harmful if not managed properly: nowadays Social media can be crucial n generating more traffic for your company. If the social media team doesn't stay on top of the existing and prospective customers, it can hurt the image of the company.

For example, replying to negative and/or positive feedback given by customers, providing information on new products and the advertising of promotions Boost of sales and customer retention: providing a steady and constant stream of information by the use of social media can create new or stronger relationships with existing and new customers. Forecast of demand

more precise: as mentioned before, social media can provide you Ninth information about customer demand you won't be able to generate trough hysterical traffic.

Feedback customers can provide trough social media, is often not given when customers visit the store.

So two streams of information, one more sufficient than the other, can measure the demand of certain products and services. Teeter flow of information: you can reach a wider range of customers. Due to the immense popularity of social media, you will be able to cut back on the costs of advertisements on other sites. Also, with clearer and relevant information the customers will be kept satisfied even when they are not visiting the stores. Solution In finding a solution for the problem statement ' How can social media support 7- Eleven's home-shopping experience in forecasting demands? He aforementioned harries can be applied to the case.

Or collect the essential data, 7-Eleven needs to conduct the two-cycle analysis. It demands high communication between the customers and 7-Eleven and therefore social media is an adequate tool for accomplishing this goal. However, it requires full- time maintenance to stay in touch with the customers. All the data collected through social media should be used to find popular trends and topics at the moment and the company should anticipate on this.

To successfully implement the home shopping service, 7-Eleven should do research on the demand for a home shopping experience beforehand.

During the installment and the implementation 7-Eleven will then be prepared for the anticipated demand and popularity of specific products. Though we have been focusing on how to predict demand and measure the success of the release of movies, the techniques can be applied to a broad panoply of products and events, ranging from the future rating of products to agenda setting and election outcomes (Assure & Huber, 2010).

It is important to realize that 7- Eleven should innovate on more unique and specific products. Of course, the company is a convenience store chain and products like cucumbers and bread Anton be promoted. 7-Eleven should therefore innovate on the products that they offer and be more tactical in deciding when to offer their products.

In applying the Twitter technique to our case, social media can help in two stages of the product lifestyle. First of all, social media should be used as a data warehouse, in which everybody can add, and most importantly for 7-Eleven extract information on almost every possible topic.

Popular artists, sport games, clothing brands, food trends and other topics are discussed widely on the Internet. When mining the data in the social media, the many will find that there is a great demand for healthy food made with ease nowadays. 7-Eleven can innovate in offering standard boxes of healthy ingredients to make a specific healthy meal for example. To gain a competitive advantage, 7-Eleven should anticipate on these trends.

The demand for products related to popular online topics is already there, so acting upon these trends and offering these products is already a g guess.

En launching the home shopping experience or a new product/promotion, 7-Eleven can forecast its success by analyzing the Tweet-rate before the launch. Since search has shown that it has a 0. 90 correlation with the success of the product, it is good indicator for how much of the product 7-Eleven should have in stock before the launch. After the launch, a Sentiment Analysis and a PEN-ratio can be computed to quantify the actual popularity and success of the product.

By introducing innovative services/ products and keeping track of different opinions about those products/services on social media, 7-Eleven can use sentiment analysis as a competitive tool.

For example, f the sentiment analysis index turns out to be relatively high for a specific product/ arrive, the company can expect the demand to be high too. With this information, 7- Eleven can consider adjusting their supply, which can cut costs tremendously. The strategy of 7-Eleven is to be as efficient as possible and to reach a high level of market-dominance.

With social media, costs are on a minimum level and a broad audience is reached. The home-shopping experience provides important benefits as Nell. Not only is this an efficient way of working due to optimal stock planning, it also reaches a broad audience.

This said, the solutions given are well aligned with the strategy of 7-Eleven. In this new era, the power of these innovations should not be underestimated. Since social media has such a large variance in data, information about the success and popularity of movies can also be found on products that a convenience store offers.

But as stated, these products will of course need a certain level of heterogeneity. Inch can be realized and improved through social media. Advice En advise 7-Eleven to install a 7-Eleven social media department in each country to manage and analyze social media.

This requires the team members in the department to be available to collect data and community with the customers 2417, Ninth switching between shifts. It is also advised to appoint only the qualified workers Ninth the appropriate communication training.

Since 7-Eleven will collect additional data from the social media department, a huge amount of extra data processing power is needed. This is costly for 7-Eleven to install new data centers, so the alternative solution to outsource this to another company is strongly recommended. As the home shopping experience is likely to appeal to people who are nifty in the online world, the same public will be likely to express their opinions through social media as well. To reach more market-dominance, 7-Eleven should emerge on the Internet.

Hot topics and trends should be anticipated by adjusting demand to it.

It is however important to realize that the strong correlations of social media and the success to the products are mostly applicable to specific innovative products, rather than everyday groceries. A special Christmas promotion or new product lines of assembled food boxes are good examples. So 7-Eleven should definitely innovate on products and combinations to get the best out of the benefits of social media. Appendix 1 Popularity of search term ' sentiment analysis' usingGoogleTrends Abstracts Predicting Product

Performance with Social Media Livid LICE?, Malaise TUTU? Academy of Economic Studies, Bucharest, Romania lice.

Com, malaise.Com Last 20 years brought massive growth in IT world. Mobile solutions such as notebooks, laptops, mobile phones, tablets enable the wireless connection to the Internet. Anyone can access it anytime and anywhere.

In this context, a part of the activities from the real world have a correspondence in the online discussions. Social media in general and social networks in particular have turned into marketing tools or organizations and a place where people can express their opinions and attitudes about products.

The paper shows how social media can be used for predicting the success of a product or service. To showcase this, two case studies are presented; a test to prove that the conversations that take place in social media are a good indicator of success and the second is an exercise to predict the winner of the Oscar for best picture in 2011. Predicting the Future With Social Media Sitar Assure Social Computing Lab HP Labs.

Palo Alto, California Email: sitar.Com