

7 eleven target market



This investigation of the small business, 7-Eleven chain store, was conducted over two month period from July, with many sources of information, such as the actual stores and the information from internet. The 7-Eleven chain store was established as an ice house in Dallas, Texas in 1927, and it is one of the world's largest operator, franchisor and licensor of convenience stores. This article seeks to explore a comprehensive description and understanding about 7-Eleven and try to find out the secret of success, as well as giving some suggestions.

The 7-eleven chain store was started out in 1927 and was introduced to Australia in 1977. An ice dock employee in the Southland Ice Company began to offer milk, bread and eggs on Sundays and evenings when grocery stores were closed. This new business idea produced satisfied customers and then the chain store was established.

In November 2005, 7-Eleven, Inc. became an indirect subsidiary of Seven & I Holdings Company, a Japan-based organization.

Their prime function is to consistently serve the changing needs of customers for their convenience.

The store can always adapt quickly to meet the customer's changing needs. It is the most obvious feature that makes it different from other convenience stores. With the newest products and services applying in the store, and the newest ways of business operation, the store can be operated more efficiently than others. For short, the perpetual improvement made the store keeping ahead in so many brands of chain stores.

As a convenience store, 7-Eleven mainly faces three types of competitors. The first one is supermarkets, such as Wal-Mart. Second, small shops (probably not has a brand). Third, other brands of convenience stores, such as Lawson (founded in 1975 in Japan).

The targeted customer is young single working people, usually un-married, as a result, the location of 7-Eleven always near office buildings, shopping malls, parking lots, subway station, et al. Besides the traveler is also its main customer. In Australia, " stores in suburban areas often operate as petrol stations" (wikipedia. org, 2010).

7-eleven, Inc. is the world's largest convenience retail chain. The company operates franchises and licenses more than 7, 100 stores in the U. S. and 7-Eleven licensees and affiliates operate approximately 31, 400 7-Eleven and other convenience stores in countries including Japan, Taiwan, Thailand, South Korea, China, Australia, et al (7-eleven. com, 2010). The main distribution of 7-eleven around the world can be seen in the table below fig.

1

Fig. 1 the main distribution of 7-Eleven around the world

Territory

First Store Opened

Number of Locations

United States

1968

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584

Canada +

1969

457

Mexico

1971

1, 180

Japan

1971

12, 753

Australia

1977

397

Sweden

1978

191

Taiwan

1980

4, 735

China (Hong Kong, Shenzhen, Guangzhou & Macau)

1981, 1992, 1996, and 2005, respectively

1, 680

Singapore

1983

493

Philippines

1984

469

Malaysia

1984

1, 115

Norway

1986

177

South Korea

1989

2, 282

Thailand

1989

5, 409

Denmark

1993

126

Beijing, PRC

2004

93

Shanghai, PRC

2009

20

Indonesia

2009

5

Rsource: <http://corp.7-eleven.com/AboutUs/InternationalLicensing/tabid/115/Default.aspx>

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(4) Suppliers

It can be seen from the table bellow that the most commodity of 7-Eleven is food, in which the processed food account most. As a result, the main supplier of 7-Eleven is food maker, especially who produce the processed food. The non-food products suppliers is various, such the provider of a variety of prepaid card.

Fig. 2 the commodity composition of 7-Eleven

Product Type

Percent%

food

75

processed food

31.5%

fast food

30

selling food such as milk, cheese%

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13

non-food products

25

Data resource: http://www.7-11bj.com.cn/com_1.html

4. Personnel Details

To achieve their business goals, the store has many different departments that people or the technical equipment can help the store improve and perform better.

Business Consultants

A Business Consultant is a 7-Eleven employee assigned to the store and who visits the store twice a week.

The business consultants can help the store in the following ways:

Assist in the development of budgets and business plans for the store

Provide advice, coaching and assistance on how to improve the business

Assist with the analysis of the store's sales data

Provide continual training and guidance on the ever-improving system of the store

Promote efficiency to help maximize the store's profitability

Daily Deliveries

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Combined Distribution Centers pull products from multiple suppliers matched to the store's order and deliver daily to the store-everything from the proprietary Fresh Foods and Fresh Bakery items to dairy, eggs and snack foods.

The delivery time is scheduled, so the employer know when to expect it

The employer receive fewer deliveries during the day, when customer traffic is heaviest

The delivery reduce the chance of running out of stock because it can replenish items daily

The employer are able to consolidate work, so he/she can spend more time satisfying his/her customers and growing the business

The Advertising Support

The advertising support can be seen in the following ways:

TV and radio spots

Billboards

Websites

Public relations

Point-of-purchase materials

5. Technology

(1) An efficient information network

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According to the needs and development of business, 7-Eleven has established a highly efficient comprehensive integrated information network. The overall systematic chain management can be realized through it. The main functions of the integrated information network are follows:

Collecting the sales information of commodity, forecasting the orders, and releasing the orders data regularly

Analyzing the ordering information of multiple store by POS System, and sent the result to manufacturers and wholesalers automatically; analyzing the selling data of different stores and sent the result to all stores automatically; analyzing the whole operation management information of the enterprise.

The goods manufacturer begins to prepare the orders after receiving the data, and the wholesalers begin to prepare the ordered merchandise.

The distribution centers begin to distribute the merchandise to all chain stores after receiving the merchandise specific details of headquarters through POS system.

The information network is fully used in sales, ordering, purchasing, commodity inspection, accounting, etc. The network takes a mean of automatic processing in receiving order, data processing and transmitting, summons issuing, credit managing, et al., achieving business automation processing. The whole efficiency of the operation is improved greatly.

Advanced logistics and distribution system

Aggregate distribution is the unique distribution system of 7-Eleven. 7-Eleven has established a common distribution center which gathers the merchandise of the manufacturers that is delivered by other wholesalers. The transport efficiency is improved greatly as the increased amount of goods to every store and the reducing of delivery times. The delivery distance and time is reduced greatly as the shrinking of the distribution area.

6. Government regulations

(1) Merchandise

The products they provided are classified in different criteria. Besides the basic classification, the products are classified as products that are needed in the morning, afternoon, late afternoon, evening and late night, which is extraordinary and convenient for customers to choose the goods they need.

(2) Worker

The 7-Eleven Way principles are illustrated in the acronym as follows:

(See Fig. 3)

I CARE about People & Teamwork.

Fig. 3 The 7-Eleven Way principles about People & Teamwork

ICARE(the acronym)

I- Integrity

C-Customer Focus

A-Accountability

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R-Recognition

E-Excellent Execution

(3) Marketing Principles

The following four marketing principles have been stressed and must be followed by workers.

Complete merchandize—put the merchandize that customer need most;

Fresh management —keep the merchandise fresh in 24 hours;

Clean store—keep the shop clean in 24 hours;

Smile service — play the charming of smile service.

7. Global business environment

On one hand, convenience store has a broad prospect with the urbanization and economic development. Convenience store is a very promising new type. As matter of fact, convenience stores has become one of the lifestyle is modern fast-paced life. On the other hand, convenience stores will also become one of the most competitive retail industries for its nature.

For 7-Eleven, both opportunities and challenges exist. In over all, it has a good global business environment, the market demand is greater and greater, but the competition between convenience store has become more and more drastic.

8. The Business Strategies

The key for the success of a chain store is convenience, which is also the primary factor for its survive. The main function of the chain store is 24 hours business everyday. In Adelaide, open 24/7 is the key to success for 7-Eleven. The opening hours of is area is 9am – 5pm, so it is very difficult for people to find shop at night. Besides, only small part convenience stores open in 24-hour.

7-Eleven introduced convenience for customers to more deeply realize that the “convenience” meaning the full benefit of the customer to do everything. For example, the toilets free of charge to the customer open, free use of parking lots. As long as there is demand, do not buy goods, and the staff does not have to say hello, you can use the convenience store facilities. In fact, free use of only a handful, or bread, Fan Tuanzi, or a bottle of water, consumers will buy something from the store back.

Convenience stores are open already from the time of SEVEN-ELVEN (from 7 am to 11 pm), to 24 small businesses development, according to different store locations, the golden hours each shop is different (Fei Ming-shengji¼©2002). A large number of consumers go to the convenience store to buy lunch and drinks. In addition, 7-Eleven store often operating at night prime time, due to the phenomenon that work overtime is widespread, many people snack on his way home almost all the convenience stores, convenience that fully reflects the store characteristics.

Importantly, the efficiency of the center in order to provide services, the services they give full play to the wide differences in the role of the

individual into the retail market. Best to chase Japanese 7-Eleven “differentiated services”, in order to complete every 7- Eleven convenience store customers into the “ life situations” and let the container on the goods “ naturally” waving to customers. Although the pavement area of 7-Eleven convenience store is only 30-40 square meters, it operates more than 3, 000 kinds of commodities, daily average sales of 4 million per unit area of 2. 35 million yen sales, capital turnover rate up to 43 times a year (Fu tie-shan, 2004).

7-Eleven convenience store business model is the most lively and diverse, such as convenience stores not only sell food and beverages, newspapers, magazines, tobacco, health care products, such as three meals a day, but also pre-order disc CD, seasonal merchandise, and a variety of payment services and ATM (ATM) services and other financial ticket. Receive e-mail service launched recently, the formation of a truly integrated approach to facilitate the center of home life. 24-hour convenience stores and can thus meet the needs of consumers at different levels (Zhou Jia-gao, 2002).

The SWOT mode of 7-Eleven can draw as follows from the analysis above.

Fig. 4 SWOT mode of 7-Eleven

Strength

(1) Wide marketing channels

There are many stores

(2) Related services is many

The product exploitation capabilities is excellent

(3) A large number of original products which has great attraction to customers

(4) Good brand image

(5) Regularly updated the product information

Opportunity:

(1) The demand is large and the market has a great potential

(2) Has a good cooperation and relationship with many companies which will create many business opportunities.

(3) The consumption habits of people will be changed.

Weakness:

(1) The price is a little higher than other stores

(2) Larger number purchase is not available

Threat:

(1) the market of convenience store will be saturation

(2) Facing the threat of sales promotion launched by supermarkets

(3) Peer competition

(4) Can not meet consumer brand with special preference

9. Recommendations

(1) Customer focus

Why can 7-Eleven always attract different customer groups of different cities and regions? How 7-Eleven master the demand of customers. The word of Toshifumi Suzuki, the owner of 7-Eleven can always unveil the hidden meaning that the key of retail business in nowadays psychology rather than not economics (Pilienci, 2009.). Indeed, the competition between convenience stores is not the pace of expansion or the price. The main consumer group is of convenience store is white-collar workers and single people, etc. They rarely seek cheaper. Therefore, the competition between stores will ultimately fall to the service. “

The belief—the satisfaction of customer needs is the key to the success of retail industry—is the consistent idea of 7-Eleven. As a result, 7-Eleven establishes has established the operation tenet of “ follow the need of various customer needs”. 7-Eleven constantly study and explore the products customers really want and how to meet customer needs from the view, thinking and action of customers. This is why 7-Eleven can take the good business strategies I mentioned above.

(2) Brand strategy

Brand management is an inevitable process if an enterprise wants to be success. 7-Eleven now not is only stand for convenient, but also the representation of safe and secure. Sometimes, even though the price in 7-Eleven is slightly higher than other stores, customer will still buy things in 7-Eleven. 7-Eleven has become a close friend of our people. We like it and trust

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it. The founder has realized that most of the goods in convenience store are necessities which are so common that anyone can open a convenience store; only those who win the favorite of customer can win the business. At the early days, 7-Eleven has designed its logos and operated it continually and seriously.

(3) Characteristic operation

Although the 7-Eleven is a convenience store, it has carried out the characteristic operation in service and products which make it different from other store. For example, the targeted customers of 7-Eleven is young single working people; 24 hours operation, etc.

Convenience store is a very promising new type industry. Convenience stores and shopping has become one of the lifestyles in modern fast-paced life. For the convenience store, the customer needs need to be focused with great effort. It also should try to development its characteristic convenience services and products. Meanwhile, for the development of a company, a good brand is essential.

The successful experience of 7-11 convenience stores not only worthy leaning of convenience store industry, but also left much consideration and revelation to the development of other industries.

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