

# Japan's Convenient Stores – A platform to sell plenty of products, India's take away

Japanese convenience stores have undergone remarkable growth in spite of deflation. According to the Ministry of Economy, Trade and Industry Commercial sales statistics report retail annual sales in 2012 is about 137 trillion yen. Category wise department store of the large-scale retailers is at 6 trillion 6,389 billion, Supermarket 12 trillion 9,527 billion and convenience stores has shown 9 trillion 4,772 billion yen.

There are more than 70,000 convenience stores in Japan operated by many companies, annually number of customers visit to these stores in 2013 is about 13.9 billion. According to The Japan Franchise Association, There are five major convenience store chains in Japan. 7-Eleven leads the market in terms of stores and as well in market share with followed by Lawson, FamilyMart Circle K Sunkus, Daily Yamazaki and Ministop.

Convenience stores called “combinis” in Japanese language are small supermarket like store that stocks items of daily use. For example, Fresh packed lunch, bread, sweets and beverages, newspaper, magazines, stationary, perfumed toilet paper or detergent and so on. Combinis also provide services like copiers and fax machines, bank ATMs, courier services etc. They also stock seasonal goods like, gifts articles, year-end or New Year cards. Many convenience stores in Japan are open 24/7, 365 days in year. Japan's first convenience store (combinis) is 7/11 [Seven -eleven] opened in 1974 at Tokyo was considered as the No.1 store based on the definition of convenience store. It gained immediate success for being the one-stop shopping destination for customers meeting their day-to-day demands. 7/11 had its 4 franchises open in different parts. By 1990 these stores had become the major retail store with large revenue even during economic downturn in annual sales were soaring.

For most of the Japanese Consumers, Convenience stores are second best, first being the supermarkets. Many conventional stores are located in residential areas and business districts. According to Japan's National Survey, it is a very common to have a couple of convenience stores within 500 meters of home or office, in nearly 60% areas of Japan. The number of convenience stores near hospital, schools, stations or any public facility has increased recently. These convenience stores also give a feel of new seasons in terms product placements such as ice creams in summer, Sakura sweets in cherry blossom season and many maple syrup based condiments during autumn, These includes cold noodles during summer and warm Oden and buns during winter. The different flyers and publicity posters create a festive atmosphere, whether buying a New Year card or printing them or order some ethnic cuisine or buy a gift.

Each Convenience stores in Japan stock about 2500 different products on their shelves. Amazingly, even small products are well kept, not a single item is carelessly piled up. 70% goods are swapped in a year, unsold goods are mercilessly eliminated. In addition, on basis of ergonomics, the shelf height, product location, display products are determined. The arrangement of store mostly depends on the behavior pattern of the customer. Depending upon the clientele coming to store, the arrangement in each store differs. For example, if customers coming include more kids then display products are certainly candies and toys whereas if it is located near office fresh food is at display and if the store is near residential area its focus would be on daily house hold products and fresh vegetables. Furthermore, the customers living near store also matters. For example, if it is located near residential area where elderly people reside, the vegetables sold are packed in small quantities for their convenience and packed lunch includes their favorites.

Among the fast foods, Onigiri (Rice Balls) are the most popular products, sold in range of 120~150 Yen. Ingredients include rice balls stuffed with traditional fillings of pickled plum, Tuna fish or grilled meat and mayonnaise. Onigiri sales of 7/11 stores alone crosses approximately 2.5 billion units per year. Means Japan's entire population, buy minimum of 9 to 10 pieces per year. Now a days the huge sales is in Curry based Bread or Curry based Onigiri [Curry rice balls].

All Convenience store companies concentrate on developing private brands particularly for daily food products. Many products are freshly flown from china and other countries and some of them are home grown, manufactured in Japan remote areas.

According to Experts in Japan, the development of Convenience stores in Japan was because of cold chain logistics. The Major five groups of Convenience stores or operators during 1980's planned and created a Cold chain distribution model

that provides a series of facilities for maintaining ideal storage conditions for perishables from the point of origin to the point of consumption in the food supply chain.

This was the time even Cold supply chain got strong push in the Japan Market. The Cold chain was so much planned that even transport in the truck and humidity maintenance in the truck and or handling between doors to truck uploading was calculated minutely. And these calculations were very much developed independently from start at the farm level and cover up to the consumer level or at least to the retail level among all chain operators. The temperature controlled supply chains or cold chains are a significant proportion of the retail food market and that adds value to these Chain operators. Thus leading to each one's brand and freshness or quality of the products that ultimately shows up on the shelves. So the secret lies in Japan's Cold Chain capability.

Apart from the store concepts, product placements and services that has many minute details to offer Indian Retail planners, Japan has shown recently couple of interests to develop cold supply chain in India. In India, Almost 70% products from farm to store are in need of cold chain facilities. According to the World Bank's 2014 Logistics Performance Indicator, India is ranked 54th and is behind countries such as Japan, the United States, Germany and China. Though cold chain infrastructure is expected to get a boost and help in reducing the wastage, Japan can also buy Private labeled products from India such as Rice based items, fruits and other products that are sold in Japan on daily needs.

A major Take away from Japan to India could be the Customer service in these Supermarkets, convenience store. For example; In Japan, during Store operating hours chatting between staff on duty is not permitted. The staff should be attentive to attend to a customer's needs at any moment's notice. Staffs are not supposed to eat in front of customers. Product or gift wrapping skill is an important part of keeping a store active in Japan. Staffs are trained to use waterproof wrapping on rainy days, provide double bag for heavy items and so on. So the concept is Do a service so as not to inconvenience the customer. The list continues including communication with client, during and after product enquiry and so on. Indian Retail sector Staff's Training could possibly change India's Retail customer service and bring whole new dimension coupled with Market potential.

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