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Master's degree in Management from the Nova School of Business and Economics.

Internationalization of the Japanese Convenience Store Model

Marketing Strategy Approaches for the Entry of Seven-Eleven Japan into France

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Abstract

This research paper, "*Internationalization of the Japanese Convenience Store Model – Marketing Strategy Approaches for the Entry of Seven-Eleven Japan into France*", analyzes the significance of the Japanese convenience store model and its potential to gain further relevance in other markets. The Field Lab critically reviews possible entry countries for Seven-Eleven Japan to expand internationally – with France identified as the most attractive market in Europe. Subsequently, the paper formulates entry recommendations, allowing Seven-Eleven Japan to differentiate its offer and launch effectively in the French market through the implementation of marketing strategies.

Keywords

Internationalization Strategy, Marketing Strategy, Convenience Stores, Seven-Eleven Japan

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1 Introduction

Two students from Nova SBE have formed a Field Lab (FL) team to create a Work Project (WP) with regards to the internationalization of the Japanese convenience store (CVS) model.

1.1 Problem and motivation

The underlying hypothesis for this FL constitutes that there is a huge growth potential for CVS formats, especially regarding its presence in European markets. Specially, the Japanese CVS model has been experienced by the FL team. Against this background, the team initially carried through the idea of expanding the CVS format further. Touching on this, the internationalization of the Japanese CVS model will be investigated, analyzed, and synthesized.

1.2 Research goals

This master's FL aims to identify the most attractive market in Europe for a selected CVS brand, being Seven-Eleven Japan (SEJ). Touching on this, two independent parts within the FL endeavor to formulate strategy approaches, for marketing and operations respectively. In particular, this FL will examine the three main research questions:

- *RQ1: Which country in Europe presents to be the most suitable for an entry of SEJ?*
- *RQ2 (individual component): How can SEJ differentiate within the chosen market environment through innovative marketing strategy approaches?*
- *RQ3 (individual component): How can SEJ differentiate within the chosen market environment, through innovative operations strategy approaches?*

By answering the three research questions, valuable implications for academia and practitioners alike are derived.

1.3 Field Lab structure

The FL is divided into eight parts: After the introduction, the literature review will provide background information on the given topics in the second chapter. Within the methodology in chapter three, the reasons for choosing the respective research approaches are being layed out. Chapter four will cover the country selection process. Chapter five and six represent the two individual components of the FL team members. Implications for academia and practitioners derived from analyses will be outlined within marketing and operations strategy approaches. The work ends with the limitations, areas for future research which have been uncovered in the course of research, and a conclusion, provided in chapter seven and eight.

2 Literature review

The purpose of the literature review is to introduce the topic, serving as a theoretical basis for this FL. The literature review is divided into two main sections: Most importantly, within the first part the term *convenience store* will be defined and criteria for CVS will be outlined. A comprehensive overview on existing research regarding the Japanese consumer behavior and the Japanese CVS market will be examined. The second part of the literature review presents specific reasoning on the brand selection for the internationalization and the subsequent analysis of the selected CVS brand.

2.1 Definitions

In general, the retail industry refers to CVS (Lee 2020) showing a unique store format with vast inventory differences as opposed to traditional grocery stores (Plazibat, Dadic and Kekez 2017). Diep (2021) defined CVS in Japan as “small retailers and service providers that stock a limited selection of food and non-food products. Found along shopping streets, in residential areas, and at transportation hubs like train stations, [...] the brick-and-mortar are smaller in size compared to rivaling food retailers such as supermarkets", thus, presenting an integral part within the Japanese retail landscape. In Japan, CVS are often referred to as *konbinis* (Whitelaw 2018).

Konbinis ensure accessibility and possibility for quick shopping trips (Larke and Causton 2005) of a variety of everyday products (Cambridge Dictionary 2022). Proximity, one-stop supply, friendliness of staff, stress avoidance, time savings, and long opening hours present crucial criteria for a convenient shopping experience at a konbini (Kenning 2022).

2.2 Japanese consumer behavior

Consumer buying patterns are strongly linked to a country's culture and values (Haghirian and Toussaint 2011). CVS is described by Meyer-Ohle (2021) as a "social infrastructure" (465) and Whitelaw (2018) further sets CVS equal to an "everyday institution" (69) in Japan.

To throw light upon and elaborate on the popularity of CVS, the Japanese consumer behavior has been investigated for a deeper understanding.

2.2.1 Country overview

- **Economy:** 3rd largest economy worldwide, GDP of US$ 5.057.758,96 million (The World Bank 2020)
- **Area:** ~ 378.000 km^2 (Synodinos 2001)
- **Population:** ~ 125 million people (The World Bank 2020), trend towards an increasingly aging population (Meyer-Ohle 2021)
- **Population density:** ~ 345 inhabitants per km^2 (O'Neill 2022)

Figure 1: Key facts and figures on Japan; Source: Own illustration based on the stated sources

Given the table, Japan is representing economic prosperity (Moriuchi 2016), thus, the Japanese purchasing power is strong (Synodinos 2001), also due to increasing female employment trends (Moriuchi 2016). To highlight the significance of the Japanese population density, Germany with its slightly smaller size compared to Japan, shows a population density of around 238 residents per square kilometer (The World Bank 2020). To serve its population in an efficient manner, CVSs present a crucial infrastructural contribution in Japan, while additionally enhancing social relations (Synodinos 2001).

2.2.2 Space and time constraints

Considerably in urban areas, private household storage space is limited. For instance, kitchens are normally small, even sometimes only equipped with a microwave, consequently affecting consumer behaviors (Synodinos 2001). Thus, the lack of space led to consumptive downscaling. Japanese consumers preferably shop more frequently (almost daily) in small quantities (Haghirian and Toussaint 2011), within their local area. There is strong demand for time-efficient products and services due to people not being at home as much (Synodinos 2001). Consequently, CVS are of utmost and vital importance in Japan.

2.2.3 Sociocultural and psychological factors

- **Risk aversion:** informed buyers to minimize risk (Haghirian and Toussaint 2011)
- **Aesthetic appearance:** perfection of food presentation is highly valued (Synodinos 2001)
- **Price sensitivity:** price is an indicator of quality, willingness to pay higher prices for well-known brands (Haghirian and Toussaint 2011)

Figure 2: Japanese consumer culture; Source: Own illustration based on the stated sources

In view of this, Japanese customers clearly value high quality and freshness of products, while still being price sensitive (Haghirian and Toussaint 2011).

2.2.4 Consumption-related aspects

Schütte and Ciarliante (1998) stated that "[t]he focus on quality and brand-name consciousness [...] is partly a reflection of risk aversion as a recognized brand name serves as a proxy for quality" (75). Thence, the corporate reputation and brand image are majorly influencing purchasing decisions (Haghirian and Toussaint 2011) as it reflects the product performance and quality from a Japanese consumer perspective (Moriuchi 2016). When establishing a trust relationship and emotional attachment to a brand, Japanese consumers show a strong sense and willingness to stay loyal (Moriuchi 2016).

Industrial standards are outstanding due to the obsession for product and service quality. For achieving customer satisfaction, products are expected to be of exceptional appearance and show a strong user-friendliness. Additionally, the Japanese service culture is exemplary. Within a hierarchical relationship between customer and salesperson (Haghirian and Toussaint 2011), customers are rather treated as guests, with a high level of politeness, respect (Synodinos 2001), and empathy (Moriuchi 2016). Ergo, product quality, customer service and after-sales service are crucial for the Japanese consumer (Haghirian and Toussaint 2011).

2.3 Japanese convenience store market

Konbinis are a major part of the Japanese commercial landscape (Whitelaw 2018). Busy lifestyles of Japanese citizens increase demand for the perpetual consumption availability and convenient shopping experience (Engelmann 2018). Efficiency is guaranteed for consumers, both through a strong service industry and convenience (Whitelaw 2018). For understanding the CVS market better, it is essential to provide key statistics and a broad overview of the competitive landscape. There is a sheer concentration of konbinis in Japan (Whitelaw 2018).

2.3.1 General statistics

- **Sales revenue:** 8,78 trillion Japanese Yen (JPY) in 2011; 11,64 trillion JPY in 2020
- **Store number:** 43.37 thousand stores in 2011; 56.54 thousand stores in 2020
- **Customer numbers** 17,46 billion in 2019 (pre-pandemic)
- **Sales revenue per purchase:** 670,4 JPY (~5 EUR) in 2020
- **Average monthly household expenditure:** 3.232 JPY for food and 1.327 JPY for all other expense items in 2019 (e.g., household utensils, medical care, and transportation)
- **Frequency of shopping:** 19,2% 2-3 times weekly (largest share); 7,7% 4-5 times weekly; 4,8% daily

Figure 3: Key facts on the Japanese convenience sector; Source: Own illustration based on Statista (2021)

Clearly, the presented numbers imply again the essential importance of CVSs in the Japanese culture, with its industry predicted to grow further. Appendices A-D show detailed numbers.

2.3.2 Competitor landscape

Encompassing a total sum of 56.000 stores, the CVS sector is dominated by the presence of three main company operators (Statista 2021), particularly controlling 90% of all stores in Japan (Meyer-Ohle 2021). As illustrated in the chart below, the most dominant corporations within these competitive market conditions are: Seven-Eleven Japan with 20.879 stores, followed by FamilyMart with 16.477 stores, and Lawson accounting for 13.610 stores. To demonstrate their superiority, a smaller company, Ministop, is ranked 4th, operating 1.963 stores (Statista 2021).

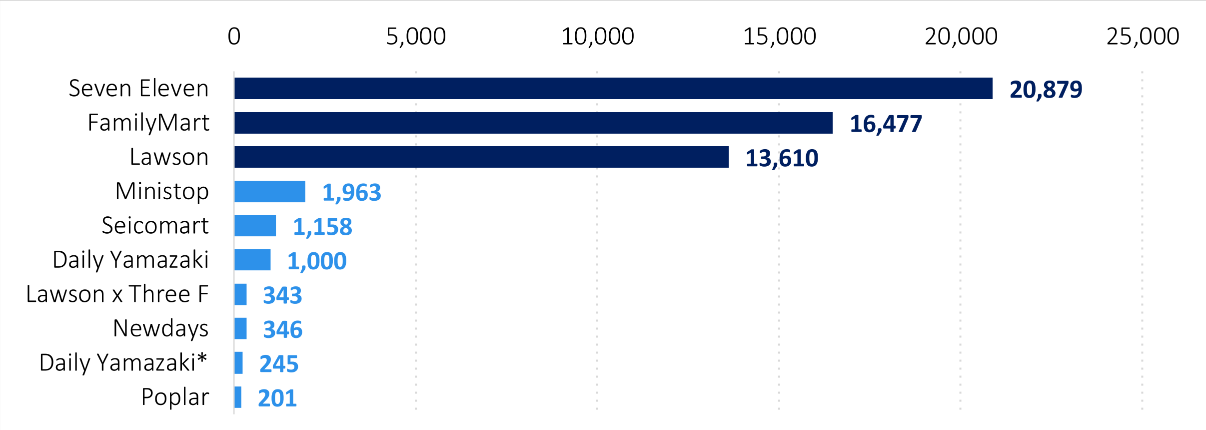

Figure 4: Number of stores of the leading CVS companies in Japan as of January 2021; Source: Own illustration based on Statista (2021)

Franchising helped these major brands in being involved in most of the domestic business. As of 2021, a survey revealed that SEJ was the most popular CVS brand with more than 80% of respondents (see Appendix E). Among retail formats, the CVS sector is immensely dynamic (Meyer-Ohle 2021).

2.4 Brand selection reasoning

After conducting a thorough analysis of the CVS industry in Japan, the choice was made to carry out a comprehensive examination of the market leader, Seven-Eleven Japan (SEJ), to evaluate its potential expansion. Besides being the top-selling CVS, SEJ stands out by being an innovative company which constantly seeks to improve to stay ahead of competition. Moreover, 7-Eleven ranks 18th among the best valued Japan Brands 2021 as opposed to FamilyMart being 67th, for instance (Interbrand 2021).

Additionally, one of the company's medium-term objectives is the promotion of new market entry. As a matter of fact, while 7-Eleven has the largest store network worldwide, it is only present within 16 countries and regions. To put things into perspective, as 7-Eleven holds approximately 72.000 stores, McDonald's and Starbucks together account for 70.000, being present in 100 and 83 markets respectively. Consequently, this shows enormous growth potential for the CVS brand as there are still many untapped and immensely attractive markets to further push for global expansion (Isaka 2021).

2.5 Seven-Eleven Japan

To get a better understanding of the 7-Eleven brand's appeal for Japanese consumers, an analysis of the company was conducted. In terms of naming, Seven-Eleven Japan (SEJ) will be used when designating the corporate entity while 7-Eleven will be used to name the American entity and the consumer brand in Japan.

2.5.1 Implementation and performance in Japan

In the late 1920s, the Southland Corporation pioneered the CVS retail format by creating the 7-Eleven chain in the United States (Sparks 2000). In 1973, the Japanese distribution group Ito-Yokado concluded an area service and license agreement with Southland to develop the concept in Japan. On these grounds, the first 7-Eleven store opened in 1974 in Tokyo, and, in 1978, the subsidiary was renamed Seven-Eleven Japan, Co. Ltd. (Seven-Eleven Japan Co., Ltd. 2021). In 2005, 7-Eleven, Inc. (SEI) became a wholly owned subsidiary of SEJ. In the same year, Seven & i Holdings Co., Ltd. was established and listed on the Tokyo Stock Exchange (Seven-Eleven Japan Co., Ltd. 2021).

The implementation of 7-Eleven in Japan is described by Sparks (2000) as "perhaps the world's most successful example of retail internationalization" (401). Ever since its introduction on the Japanese market, the company has been growing at a fast pace. As early as 1980, the chain had opened 1.000 stores in Japan. This number reached 21.167 in 2021. Despite the concept being originally from the US, Japan is the country with the highest number of 7-Eleven stores in the world. Sales have been growing since its introduction in Japan, reaching 4.870.619 million JPY in 2020 (Seven-Eleven Japan Co., Ltd. 2021). Today, SEJ dominates the CVS market in Japan, positioning itself as the top brand with a share, based on retail value, reaching 43,6% in 2021 (Passport 2022).

2.5.2 Objectives and business priorities

When analyzing the success of SEJ, Ishikawa and Nejo (1998) emphasize the words "change and reformation" (1). As a matter of fact, the company has undergone multiple management reformations, rapidly developing new techniques and systems to meet the changing needs of customers ahead of other market players. To stress the importance of innovation, one of the company's business priorities is to constantly develop and improve the quality of its offer and services (Seven-Eleven Japan Co., Ltd. 2021).

On its corporate profile, SEJ (2021) highlights its unique selling proposition: "A rich product assortment, convenient services and the peace of mind that 7-Eleven stores are always nearby" (03). It is worth noting that the convenience of 7-Eleven stores in Japan is multi-faceted. The company aims at providing convenience of site, time, and product. First, site selection is essential to make stores as available as possible for customers and turn them into essential nearby corner shops. Second, convenience of time is reflected in the fact that stores are opened 24 hours a day, 365 days a year. Furthermore, the store layout is conceived for a quick shopping experience. Finally, 7-Eleven stores in Japan aim at offering convenience of product by building a one-stop shopping experience where customers can find a wide range of products including 3.000 items in a 100 square meters store on average (Zhou 2018). Lifestyle services are also available to customers who have access to administrative services, ATMs, copy machines, and home delivery and transportation services among others (Seven-Eleven Japan Co., Ltd. 2021).

2.5.3 Success factors

Matsuo and Ogawa (2007) designated SEJ as an “icon in consumer goods retailing” (106), additionally highlighting its ability to rapidly align its offer with evolving consumer needs. In the following, some successful strategies adopted by the company will be analyzed.

Franchising Strategy

Operations rely on a franchising system. SEJ is the franchisor granting licenses to franchisees, enabling them to use the brand name and trademark to open 7-Eleven stores. Franchisees operate their stores as independent owners with the obligation to give SEJ royalties and long-term commitment. In return, the headquarters provide franchisees with management information and expertise (e.g., on order placement, sales methods, product display, customer service, in-store infrastructures, financial data analysis) (Kunitomo 1997). This collaborative relationship benefits both parties and pushes the company’s promotional strategies (Nagayama and Weill 2004).

Inventory Management: Item-by-Item Management

An innovative inventory management method puts the emphasis on how particular products are performing and allows to refine the assortment available in store according to customer preferences (Seven-Eleven Japan Co., Ltd. 2021). To support the item-to-item management strategy, Point of Sales (POS) technology has been introduced. Here, big data analysis is performed to obtain purchasing behavior patterns tailored to each store, making the order placement process more efficient. Indeed, the loss of sales opportunities is avoided as the integrated system prevents goods from being sold out quickly and minimizes the stock of unsalable goods. It allows the company to understand the needs of customers in a rapid fashion and enables to respond to gaps in the product assortment. Research and development practices further push private label products for instance (Zhou 2018).

Logistics System

To avoid high accumulation of inventory and maintain a fresh assortment, stores receive deliveries in small amounts at a high frequency. This distribution strategy relies on a dense store network, meaning that when SEJ implements itself in a new area, a dozen of stores opens simultaneously. This centralization of stores allows the delivery vehicles to reach all stores quickly and make multiple deliveries a day (Zhou 2018). Temperature-Separated Combined Distribution Centers divide the products into different temperature zones, hence implementing strong hygiene and quality control (Seven-Eleven Japan Co., Ltd. 2021).

Product Assortment

Another strength of SEJ lies in what the company calls *Original Products*. Instead of focusing on private labels like other retailers, SEJ partners up with manufacturers to develop new products and sell them under the manufacturers' brand. These collaborations allow for innovation at different levels of product development, meeting changing customer needs (Matsuo and Ogawa 2007). Additionally, SEJ has more control over what is sold in its stores and can offer products with higher quality.

3 Methodology

In the following sections 3.1 - 3.3, the different research designs, the data collection process, and the data analysis approach will be described in detail, divided into the country selection part, qualitative research, and quantitative research.

3.1 Country selection

In order to identify the most attractive market to introduce the brand of 7-Eleven, the Value Creation Wheel (VCW), created by Professor Lages, was used as a framework. The VCW is defined by Lages (2018) as "a process of collaborative value creation in which filters are applied in order to select the ideas with greater potential" (256).

- *First phase (Tap):* Exploratory research enabled to identify an opportunity for SEJ by the use of extensive secondary data research, exchanges with peers, and consumer testimonies. It resulted in a clear understanding of the Japanese CVS market and SEJ, setting a clear scope and goals for the rest of the research.
- *Second phase (Induce):* A list of potential international markets and criteria filters were induced through multiple brainstorming sessions, involving the FL team, advisor Andrew Harrison, ex-SEJ employee Sándor Timár, and CVS expert Christian Warning. The goal was to identify filters to offer high value in the selected market.
- *Third phase (Analyze):* Regions to enter and filter rankings were discussed. The order of the filters is crucial to construct the VCW funnel. Countries that do not meet the expected threshold value are put aside and are thence not considered in the next steps. Therefore, criteria tailored to SEJ's needs were included.
- *Fourth phase:* The funnel was activated. It enabled the FL team to identify the market with the most potential.
- *Fifth phase:* Marketing strategy and operations strategy approaches have been developed according to the market. The two latter parts were conducted independently as individual components of the FL.

3.2 Qualitative research

A qualitative, explorative research design is the preferred method to investigate contemporary phenomena and is especially suitable to observe, understand, and uncover practices in a real-world context (Yin 2014). Both expert interviews and consumer interviews have been conducted to increase robustness of research and shape strategy approaches accordingly.

3.2.1 Expert interviews

Online research has been used to identify and contact suitable experts within our field of interest. Four experts from different professional backgrounds have been selected to support the research related to specific topics. More information and reasoning on the respective experts are provided within the Appendix F, including a link to all scripted interviews.

- Karla Figueroa, has been working at Carrefour for a total of nine years, and holds the position of a Marketing & Innovation Group Manager.
- Sándor Timár, main point of contact with SEJ, shows extensive experience with the company. Even though he is developing his own business, he still has strong ties with SEJ.
- Christian Warning, Managing Director at The Retail Marketeers and Relationship Partner at NACS (National Association of Convenience Stores), is a specialist in developing state-of-the-art convenience retail formats and marketing strategies.
- One interviewee preferred to stay anonymous. The interviewee is working for Auchan within the field of partnerships.

The interviews have been carried out in a semi-structured approach, allowing the researcher to gain deeper understandings and practical insights. Such interviews provide a certain degree of flexibility, enabling for modification and particular focus in the course of the interview. The interviewee is given the chance to explain certain aspects in more detail (Yin 2014).

3.2.2 Consumer interviews

Using network connections, the FL team was able to reach several European consumers who have been residing in Japan for a longer amount of time already. Additionally, Japanese people living in European countries have been contacted. Through shortly structured interviews, the aim was to analyze the convenience offering in Europe as opposed to Japan.

3.3 Quantitative research

Quantitative research was conducted with the purpose of getting a better knowledge of consumers in the French market. Initially, a list of questions was prepared following extensive secondary research. Once the FL team elaborated the questionnaire, it was sent to Sándor Timár. Mr. Timár gave feedback and suggested additional questions to include in order to obtain valuable insights. The survey was designed and published using the software Qualtrics. The respondent had to answer three criteria in the beginning to be able to answer the questions to the survey: live in France, live in an urban area, and be a food shopper. From the 150 respondents which answered the survey, 104 answers were valid and met all the criteria. The data analysis was carried out using the different functions of Qualtrics.

4 Country selection

In order for SEJ to further push internationalization of the SEJ brand, untapped markets must be identified. With a thorough country selection, the aim was to rank pre-selected countries and recognize the most attractive market for SEJ's entry.

4.1 Region selection

It is remarkable that 7-Eleven already established a strong store network in Asia, North America, and Australia. Europe presents to be 7-Eleven's smallest market with 409 stores in Norway, Sweden, and Denmark (Seven-Eleven Japan Co., Ltd. 2021). Regarding the Middle East, the brand is present in Dubai and recently signed an agreement to establish operations in Israel (7-Eleven 2021). Hence, SEJ is not present in Africa and South America.

However, Europe, showing revenues of 1.203 billion USD in 2022, constitutes a bigger food retail market as opposed to both Africa and South America. More specifically, statistics show that the revenue in the food retail market lies at 748,50 billion USD for Africa and at 350,50 billion USD for South America. The table below further highlights the potential of the European food retail market.

- **Compound Annual Growth Rate (CAGR):** 2,4%
- **Revenues forecasted in 2025:** 2.399 billion USD
- **Food segment:** 71% of the total market value
- **Convenience food revenue expected:** 89,30 billion USD with a CAGR of 2,28%

Figure 5: Key statistics on the European food retail market; Source: Own illustration based on Statista (2021)

To all intents, besides the European market potential, there is a higher standard of living, with regulations and infrastructure conditions being far more consistently established compared to Africa and South America. Hence, SEJ is able to efficiently plan ahead due to less uncertainty (Statista 2022). Therefore, Europe was selected as the region of focus due to a less dense store network of 7-Eleven and a bigger market size with good conditions.

Speaking from personal experience, it is generally admitted that CVS are adding great value, for Japanese communities for instance, creating a more simple and effortless life. To uphold evidence, several consumers have been interviewed with regards to their CVS experience in Japan, varying in gender, age, and occupation.

N° of mentions	Attributes	Quote
6	**Convenient opening hours**	*"I mostly value that it is safe, and everything is **open 24/7**"* - Female, 48, German, living in Japan *"I often used to go there for a **late-night** snack"* – Male, 29, from Italy, living in Japan
6	**Frequency of usage**	*"I was going twice a day on average, mostly in the morning and evening." – Male, 29, Japanese-Korean, lived in Germany for 2 years* *"I am a frequent customer, and I would say I go to the konbini 10 times weekly." – Female, 48, German, living in Japan*
5	**Location**	*"you can find them **everywhere**, it is amazing! "* – Male, 54, Japanese, living in Italy *"it just took me **a minute to get there**"* – Male, 29, from Italy, living in Japan
5	**Variety of products and services**	*"the fact that I can usually find an **ATM** and a **copy machine** there is a nice bonus"* – Male, 21, French, living in Japan for 2 years "They have basically **everything you need for daily live** on a small space" – Male, 29, Spanish, lived 3 years in Japan

Conclusions on Europe

*"I would rate the **European convenience as not very high**. I could literally do anything I had to at the konbini. Here, I always must figure out **which store is suitable**."* - Male, 54, Japanese, living in Italy

*"**I did not find anything similar**. I know that there are Kiosk, but I do not use them. In Europe and Germany especially, I go to bakeries a lot. The prices are comparable, and the food is good. However, they **do not have that many varieties**." – Male, 29, Japanese-Korean, lived in Germany for 2 years*

Figure 6: Overview of consumer experiences with konbinis in Japan; Source: Own illustration based on the insights obtqined through the consumer interviews

Testimonies verified that it is clearly not an isolated feeling, but rather that there seems to be gap for convenient store formats in European countries.

Political risk represents a key characteristic when the potential of a brand expansion is being evaluated. Therefore, it was decided to consider EU member states only, as they show a certain degree of political stability and absence of violence, due to being overseen by the EU institutions (The World Bank 2022). Comprehensive approval procedures ensure that EU applying countries meet all the criteria. Countries need to demonstrate compliance with EU standards (e.g., currency, human rights, minority protection), act within an anchored democracy, and show a well-functioning economy (European Commission 2022). Finally, as 7-Eleven already operates stores in Denmark and Sweden, 25 out of the 27 EU member states will constitute the scope for the country selection process (Seven-Eleven Japan Co., Ltd. 2021).

4.2 Application of the country selection funnel

Sándor Timár, who worked at SEJ and SEI in Tokyo for eight years on joint projects with the international team, gave the FL team some insights on how the market selection process was executed within the company. Following his advice, filters one to four were selected to measure the market potential of each country determining prospective profitability. Filters five and six allowed to assess regulatory practices, while filters seven to nine were included to disregard countries with poor infrastructures. The figure below visualizes the process.

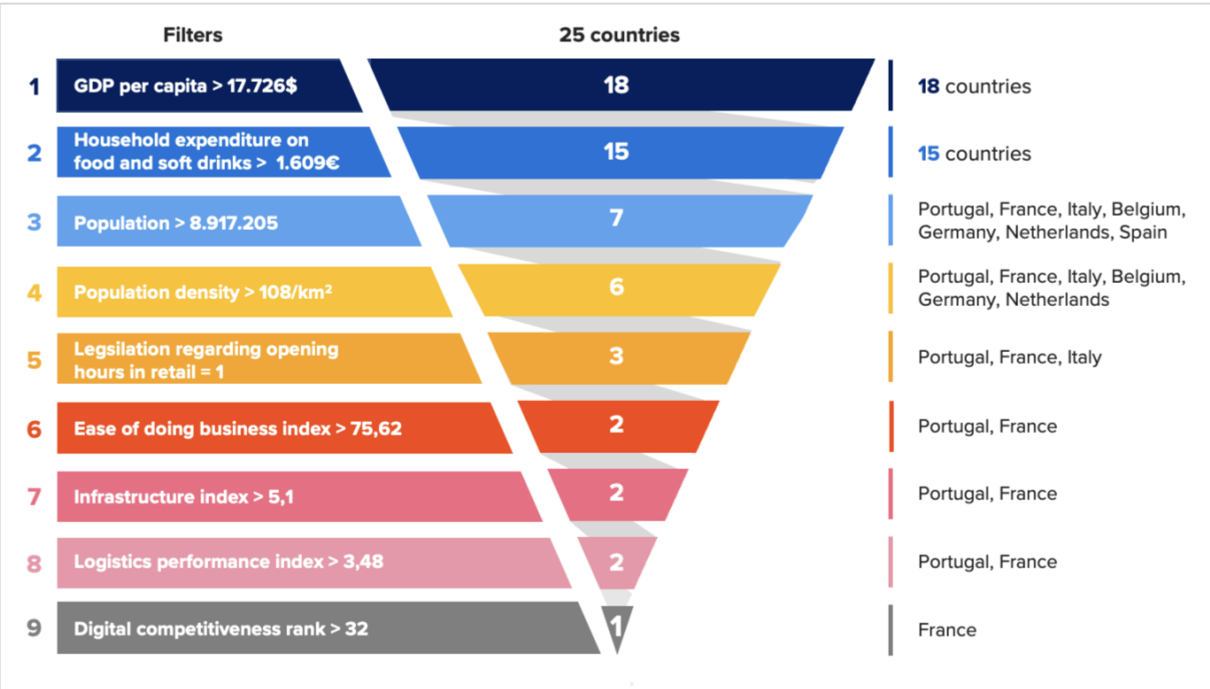

Figure 7: Country selection funnel leading to France; Source:Own illustration based on the Value Creation Wheel Funnel used for the country selection

Filter 1: GDP per capita

The gross domestic product (GDP) per capita is a great indicator of a nation's wealth and economic prosperity (Brock and Rathburn 2022). For SEJ to further tap into the European market, firstly more industrialized and advanced nations will be targeted, as it implies higher consumer spending habits and well-established infrastructures. A threshold value corresponding to the first quartile was chosen to select countries with a certain level of economic wealth without filtering out too many countries since the income within EU states is already quite high. Consequently, this resulted in Bulgaria, Croatia, Greece, Hungary, Latvia, Poland, and Romania being eliminated.

Filter 2: Household expenditure on food and soft drinks

As a second step, the household expenditure on food and soft drinks was chosen as a key economic indicator to further evaluate market potential. As the EU has a high average, the first quartile was chosen as a threshold value to avoid setting too many countries aside. This resulted in Czech Republic, Malta, and Slovakia being put aside.

Filter 3: Population size

SEJ aims at serving large populations sizes in convenient ways. Therefore, the focus will be on countries that show an above-median population. The aim is to further test the CVS concept potential in the European market. Entering a more populous country will ensure the sufficient demand of its citizens and allow analysis of larger sets of consumer data. Therefore, Austria, Cyprus, Estonia, Finland, Ireland, Lithuania, Luxembourg, and Slovenia were removed, leaving Portugal, France, Italy, Belgium, Germany, Netherlands and Spain in the funnel.

Filter 4: Population density

The population density is a measure for the average amount of people living per square kilometer (The World Bank 2022). As a higher score is implying a higher number of dense cities and generally the existence of many metropolitan surroundings, it is ensured for SEJ to serve a high number of potential customers, thence, efficiently establishing concept awareness and a CVS network. Again, at this stage of filtering, the median value was chosen due to the wide data distribution. As the CVS concept shows huge presence and acceptance in populated areas (e.g., as seen in Japan), countries with an above-median value are dense and urbanized, consequently presenting entry opportunities for SEJ. Here, only Spain was put aside.

Filter 5: Legislation on opening hours in retail

First, the legislations regarding opening hours in retail were analyzed as the business model and success of the company in Japan relies on the opening of stores 24 hours a day, seven days a week. Thus, it is important that the market entered presents few restrictions with stores being able to open as long as possible as well as on the weekends. To include this filter in the funnel analysis, a value of *0* was attributed to countries presenting too many restrictions regarding opening hours in retail, while a value of *1* was associated to countries with no to few restrictions. Countries with a *0* score were eliminated through the VCF ranking method. This left Belgium, Germany, and the Netherlands out of the scope, leaving France, Portugal, and Italy in the ranking to be further assessed.

Filter 6: Ease of doing business

In the continuity of regulations assessment, the ease of doing business score was included as it is a good indicator of the business environment quality. This index encompasses various factors, including ease of starting a business, dealing with construction permits, getting electricity, registering property, getting credit, paying taxes, enforcing contracts, trading across borders, and resolving insolvency (World Bank 2020). Setting up 7-Eleven stores in a new country will be challenging. Therefore, it is necessary to understand the regulatory factors that could influence its success or failure. The average was chosen as the threshold value, meaning countries with a score below were not considered in the rest of the funnel, leaving Italy out of the ranking.

Filter 7: Level of infrastructures

The quality of infrastructures is essential to the company's operations. 7-Eleven stores constitute one of the main customer touchpoints and are key to satisfaction, thus, it is important for the country to have quality infrastructures. The threshold value was set at the average as the country selected should have good to excellent infrastructures. The two countries remaining in the funnel, France, and Portugal, have above average infrastructure indexes, meaning they were both considered in the following steps. It is interesting to note that France with an infrastructure index of 6,1, scored higher than Portugal with an index of 5,6.

Filter 8: Logistics performance index

The Logistics Performance Index provides insights on trade logistics performances (The World Bank 2018). SEJ's operations and success rely on an efficient logistics and distribution system. Therefore, it is essential for SEJ to select a country showing an excellent index. The average value was chosen as the threshold to solely retain the country with logistics scoring above the norm. Both France and Portugal scored above average with respective indexes of 3,84 and 3,64, thus remaining in the funnel.

Filter 9: Digital competitiveness

As stated on the IMD World Digital Competitiveness website (2022), the Digital Competitiveness Ranking measures "the capacity and readiness of economies to adopt and explore digital technologies as a key driver for economic transformation in business, government and wider society". As SEJ is innovation-driven, it is interesting to extend its partnership network in a country pushing for digitalization and innovation. This might result in new techniques and more efficient operation systems being developed. The average was chosen as the threshold value to select a country performing above the norm in this domain. Among the two remaining countries, France shows a higher ranking in digital competitiveness. As a result, France was selected as the ideal country to develop 7-Eleven stores in.

4.3 French market overview

With more than 67 million inhabitants and 29 million households benefitting from high standards of living, France represents one of the biggest markets in Europe and a great opportunity for 7-Eleven. Despite a tough political context, the ongoing pandemic, and the most recent events of Russia's invasion in the Ukraine, the country's overall economy has proven to be resilient, with a current GDP of 2,63 trillion and a growth rate of 5,42% (with respect to the previous year). Additionally, France is pushing recovery plans, structural reforms, and the stimulation of innovations and investments for long-term. On a more general note, France is one of the largest and most diverse economies worldwide with strong agriculture, manufacturing, and service sectors. A more detailed analysis of France's macroenvironment can be found in Appendix G.

Regarding the food retail landscape, France is the largest market within Europe with 15% of market shares in 2018, showing total sales revenues of 310,4 billion USD. Regarding retail channels, hypermarkets, supermarkets, and discounters constitute the leading distribution channels. The market is influenced by pricing competition, online penetration, as well as an increasing trend for proximity CVS (MarketLine 2022).

It is also characterized by the domination of large-scale multinational companies. The market leaders include the E. Leclerc Group, the Carrefour Group, and Les Mousquetaires Group who make up over 50% of the market shares (Statista 2020). Even though the competition is fierce, these major players are not invulnerable to entering companies. The cost for entry and exit is comparably low, hence, risk is minimized. Due to a shift in the retail industry, all the above-mentioned distribution brands have been undergoing a transformation, including multiple channels and store formats (MarketLine 2022). To illustrate this, the Appendix H gives a detailed overview of the main food retail brands and their respective formats.

To tackle the French market, the company is advised to start within Paris. Even though the competition is fierce, Paris is the capital city of France presenting a denser population and an opportunity to position itself as a strong entrant.

	Creation	Stores in Paris	Characteristics	Perceived Business Priorities
Carrefour city	2009	150	• 200-800m² • Opened everyday (7h-23h) • 6.000 SKU	As part of Carrefour Proximité (focused on smaller store formats) • Open more than 250 shops each year • Efforts pushed to find franchisees • Accelerating the food transition (healthy, local and sustainable)
Carrefour express	2007	30	• 3.500 SKU	
monop'	2005	40	• 150-300m² • 5.200 SKU	• Experimenting with autonomous stores • 24/7 for the autonomous zones
franprix	1958	200+	• Less than 500m²	• New line "Noé" focused on biological products • Delivery services • Pushing ready-to-eat range
Le Petit Casino / Casino shop	2011	20	• Less than 350m²	• Adapting offer to each vicinity of consumer • Developing e-commerce and home de-livery • Developing shops dedicated to Bio products
Intermarché Express	2005	20	• 300-1.200m²	• Develop the store as a living space • Pushing services like click & collect, home delivery, pedestrian drive
My Auchan	2016	44	• 300m² • 7.500 SKU	• Finding franchisees • Pushing digital channels, click & collect and home delivery
U express	2008	17	• 400-1.000m²	• Improving offer by prioritizing products made in France and eliminating controversial ingredients • Digitalization of the customer journey

Figure 8: Overview of convenience store brands in Paris; Source: Own illustration based on information found on the various retail group websites

The figure presented above provides an overview of major CVS brands operating in Paris. With these characteristics in mind, 7-Eleven should focus on building small stores with a low number of product references, comparably operations in Japan, to favor a **quick** and **efficient** shopping experience. Moreover, even though some players are shifting their offer towards the ready-to-eat food segment, there seems to be room for improvement with more focus on **freshness** and **quality**. These should be kept in mind when formulating recommendations for the marketing and operations strategy in France.

Individual component – Marketing Strategy Approaches for the Entry of Seven-Eleven Japan into France

5 Brand and marketing strategy in France

This individual component of the FL aims at providing branding and marketing strategy recommendations to SEJ supposing the company decides to move forward with its entry on the French market. In this part, the term 7-Eleven will be used as it refers to the consumer brand while SEJ will be used to qualify the corporate brand. Based on primary and secondary data collection, the first section will be dedicated to give a detailed understanding of French consumers' expectations and consumption patterns in terms of grocery shopping. Following, a positioning strategy will be defined. Finally, marketing activities tailored to the French market and targeted audiences will be suggested.

5.1 Grocery purchasing behavior among the French population

To adapt 7-Eleven's brand and marketing strategy to the French market, it is crucial to understand consumers' needs and preferences. To outline a segmentation of the market and understand which types of population should be targeted by the brand in France, quantitative data was collected through an online survey. Results can be found in Appendix I.

5.1.1 Retail channel usage and preference

Overall, hypermarket store formats have been experiencing less sales and profitability within their operations. Single, working households and changing consumer preferences are major drivers for convenient store formats (MarketLine 2022). Survey results confirmed that tendency with supermarkets and convenient stores positioning themselves as the preferred retail channels. However, it can be noted that smaller households (two people and less) and younger people are the heaviest convenient store users. Indeed, among respondents aged 18 to 24, CVS were the most used retail formats while hypermarkets were used by only 12,8%, underperforming compared to the overall average. Looking at the distribution of young people on the territory, French people between ages 18 and 24 mostly live in dense urban places as higher-level education institutions and jobs are concentrated in bigger cities in France (Insee 2022). The heavier usage of smaller retailers among younger people is likely linked to time constraints among young professionals and students pursuing higher education, as well as less access to hypermarkets which are usually positioned in less densely populated areas. As for the frequency of food shopping, the overall population mostly visits stores once a week, or two to three times a week. The survey's responses illustrated through the graph below show that smaller households tend to shop more frequently, especially regarding people living alone.

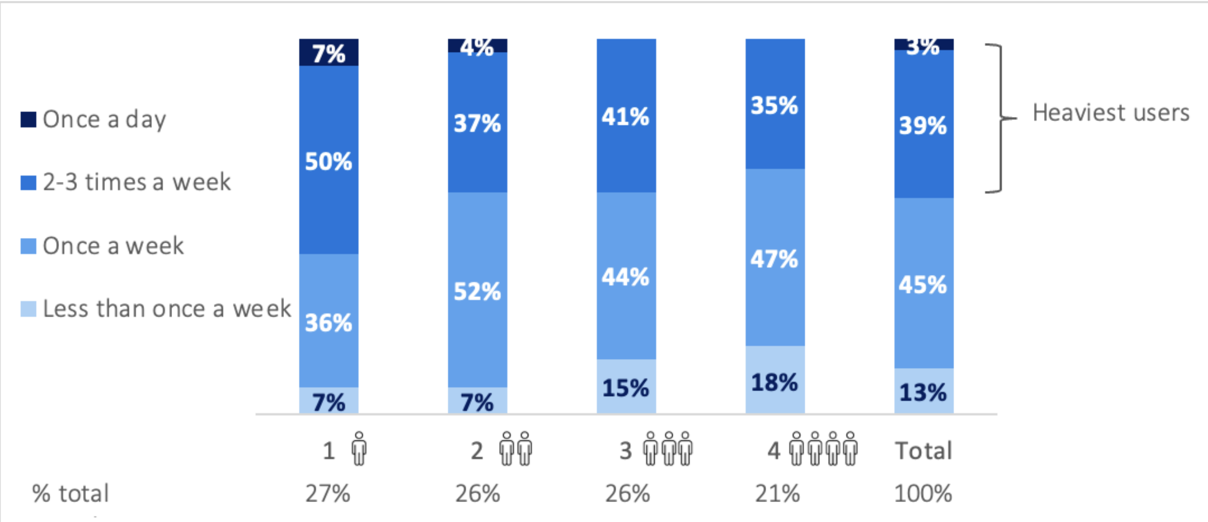

Figure 9: Frequency of usage depending on the size of the household; Source: Survey conducted as part of the FL, total sample n = 104

When it comes to time spent in stores, it tends to be shorter for smaller households while the overall population is seeking to decrease the time spent on grocery shopping in general (see Appendix I). This represents an opportunity for 7-Eleven to develop stores that allow customers to do their shopping through shorter and more efficient circuits with the goal of creating a more seamless customer journey. To conclude, when choosing their targeting groups, the company should focus on the heaviest users which shop two to three times a week or once a day.

5.1.2 Criteria influencing the choice of retail channel

The survey conducted revealed that the top three attributes sought by consumers when electing a store are convenience of place, followed by quality and variety, which represent convenience of product.

Main criteria sough in the total population		Criteria sought by age					Criteria sought by household size			
		24 and less	25-34	35-44	45-54	55 and more	1	2	3	4+
Convenient location	18%	18%	22%	13%	16%	17%	16%	22%	17%	18%
Good quality products	14%	14%	13%	17%	11%	14%	16%	17%	13%	9%
Wide variety of products	13%	14%	13%	11%	13%	10%	13%	13%	14%	12%
Affordable products	12%	16%	12%	4%	9%	10%	15%	9%	13%	11%
Long opening hours	10%	13%	9%	4%	5%	7%	13%	11%	6%	8%
Price promotions	8%	8%	7%	13%	3%	10%	9%	7%	7%	7%
Good hygiene	8%	6%	7%	6%	12%	14%	4%	7%	10%	9%
Parking space	5%	3%	6%	9%	9%	0%	4%	3%	7%	5%
Good organisation	5%	3%	3%	9%	5%	10%	4%	4%	4%	7%
Loyalty program	4%	2%	3%	2%	9%	3%	1%	5%	3%	7%
Pleasant ambient decoration	3%	2%	3%	4%	4%	0%	2%	1%	4%	4%
Friendly staff	2%	0%	2%	9%	4%	3%	3%	2%	1%	3%
	% total sample	41%	27%	9%	16%	7%	27%	26%	26%	21%

Figure 10: Attributes sought when electing a store for grocery shopping; Source: Survey conducted as part of the FL, total sample n = 104

Conversely, the main customer pain points in stores include long queues at checkout, long distance from home, and inability to find grocery products they like. To remedy that, 7-Eleven stores should offer convenience of time, place, and product, as they do in Japan. Among the younger population, the inability to find quality ready-to-eat meals also represents a pain point. Additionally, people surveyed would be interested in having access to other services such as sending and receiving packages as well as accessing an ATM in stores.

Finally, among survey participants, 23 people tried CVS in Asia including 12 in Japan, while the others were able to test the store format in other Asian countries including Thailand, China, South Korea and Singapore. 95% of them were satisfied and 91,3% think that a similar format would add value to their day-to-day lives, showcasing a lack of similar options and an appeal of the format for some French consumers. Hence, it would be interesting to build a similar business model to the one in Japan while tailoring the product offering to French consumers.

5.1.3 Criteria influencing the choice of product

On the French food and retail market, most customers are very price sensitive with price being the most important criteria for electing a product for a majority of them, although it varies across product categories. Consumers tend to be less price sensitive towards essential goods, a tendency which is reversed towards non-essential goods. However, there is a rise in health-consciousness as consumers are looking for products with nutritional quality or from organic agriculture. Environmental responsibility is another criterion of growing importance as shoppers are more incline to turn towards products with certain certifications such as Fairtrade, especially for packaged goods like coffee, fruit, cocoa, or palm oil (MarketLine 2022).

When surveyed around their preferences towards ready-to-eat food, respondents answer they are more likely to consume those products as snacks, breakfast, and lunch. Majority of respondents are more likely to consume home cooked meals for dinner. Bakery products, followed by sandwiches, pizza, and sushi, are the most popular ready-to-eat meals with delicious taste, freshness, and good nutri-score as attributes sought.

5.1.4 Targeting

Overall, the market research showed potential for a retail concept similar to the Japanese 7-Eleven store model as customers are growingly looking for more convenience on multiple levels. Firstly, convenience of place is requested as a close location of the store from home is the most important attribute for customers. Moreover, convenience of time is an important criterion as consumers seek to reduce the time they spend in stores. Lastly, convenience of product translates through a preference towards smaller retail formats and additional in-store services are perceived positively. The younger population (aged 34 and below) as well as smaller households (constituted by one or two people) were identified as the groups with most potential. Therefore, SEJ should focus on these segments first to develop their marketing strategy to enter the French market.

Further, personas were created with the purpose of getting a better understanding of potential customers and building an emotional connection with them. To define customer personas which would be interesting to target, three segments were defined looking at the benefits sought by consumers. The profiles were created by analyzing the data and looking at which demographic traits were more likely to be seeking particular benefits from visiting 7-Eleven stores. For each segment, a moodboard was created by looking at brands most likely to be used and potential character traits. Subsequently, eventual pain points were identified to allow the company to tailor its marketing activities to the personas.

Persona 1 – Fast and hassle free in-store experience seeker

Figure 11: Profile card of the first persona; Source: Own illustration

Biography: Tech-savvy, Quentin owns the latest technology devices and keeps up to date with the industry through news websites (e.g., Chut! Mag, Wired) and podcasts (e.g., La Loupe by L'Express). Besides, he also uses social media platforms like Instagram or Facebook to communicate with friends, and LinkedIn to keep up to date with his network. Busy and career oriented, Quentin prioritizes finding quick and efficient solutions to optimize his time. He visits his closest grocery store multiple times a week, usually when he comes home late from the office and he likes to grab ready-to-eat food on the way when he is too tired to cook. When feeling too lazy he likes to order on food and grocery delivery platforms like Deliveroo, UberEats and Gorillas.

Pain points: As he has a busy lifestyle, Quentin does not like to wait in line nor having to go to a supermarket that is too far from his home. Additionally, he often struggles to find stores that are open late at night in his area and when he visits grocery shops after a long day of work, the ready-to-eat shelves at the supermarket are usually empty.

Persona 2 – Food lover on a budget

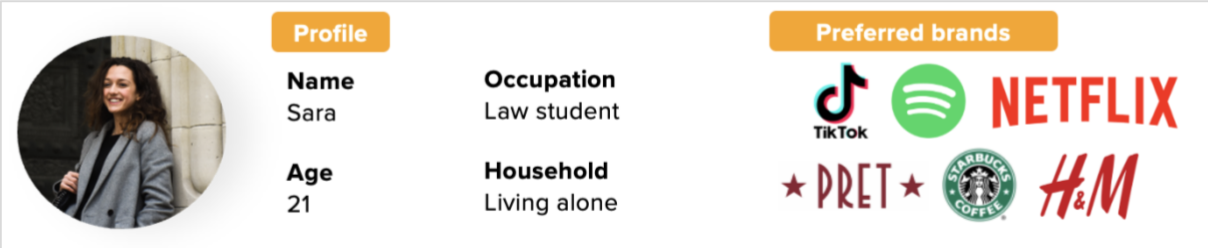

Figure 12: Profile card of the second persona; Source: Own illustration

Biography: Sara who moved to Paris three years ago to pursue a law degree. Currently living in a studio, she receives a scholarship from the state and some pocket money from her parents every month. Sara is a heavy social media user, using Instagram and TikTok on a daily basis for communication and entertainment purposes. She particularly likes to watch content related to food, revealing the latest trendy places to eat at. To go to school, she uses public transport like the bus or the metro and loves listening to music on Spotify. Ambitious and social, her priorities in life are to graduate from university, to find a fulfilling job and hang out with her friends. Wary of how much she spends, she usually eats out for lunch buying meals from fast food stores or bakeries located around her university offering great prices. Having access to a wide variety of options is important to her because she loves to try new things.

Pain points: Her education and social life keep her busy, therefore she does not spend a lot of time at home and cooks very rarely. Additionally, she has to manage her money carefully as she only receives a limited amount each month. Even though, she is a food lover, she often struggles to find fresh and delicious food options that are affordable.

Persona 3 – On the hunt for fresh and quality grab-and-go meals

Figure 13: Profile card of the third persona; Source: Own illustration

Biography: As an active woman, Alice, starts her day with a morning run while listening to news or society podcasts (e.g., Les Enjeux internationaux by France Culture) on Spotify. Working in the marketing department of a famous media group, she rides her bike to commute and occasionally takes the metro. When she can, Alice likes to grab a coffee on her way. As she is often on the go, she values well-packaged food. When it comes to food, she is health conscious, therefore she prefers options that are fresh and have good nutri-scores. Most of her dinners are homemade, but she usually eats out for lunch with her favorite meals being sushi and salads. As a brand loyal person, she usually buys the same products. Most dinners will be homemade, managing to give her a homemade feel.

Pain points: Striving to live a healthy lifestyle, she sometimes struggles to find healthy fast-food options for lunch when she is at work or when she wants to snack. Besides, not finding brands she likes or out-of-stock items at grocery stores represent an issue for her.

5.2 Value proposition

In order to understand how 7-Eleven stores can stand out among the crowded food retail space in France, it is crucial to analyze the positioning of competitors. This process will allow to determine potential differentiators pushing consumers to use and develop a brand preference for 7-Eleven. The overview below allows for better visualization of the different brand proposals on the French CVS market.

	Perceived USP	Positioning
Carrefour city	Modern and close everyday shop that makes your life easier	*Similar positioning*: Variety; Long opening hours; Quality and freshness
Carrefour express	The neighbor store for daily essentials	
monop'	Convenient and welcoming, focus on the shopper's comfort and fast experience	Product and service variety; Ready-to-eat food selection
franprix	The everyday shop, nearby home	Proximity to the client; Variety
Le Petit Casino, Casino shop	Convenient and pleasant shopping experience focused on the product and services	Competitive prices; Product and service variety
Intermarché Express	Meeting customer's everyday needs through choice, convenient services and freshness	Affordability; Variety; Freshness
My Auchan	Innovative "phygital" convenient store to make people's lives easier	Product and service variety; Ready-to-eat food selection
U express	Modern concept with a wide offer, especially fresh products also covering the essentials of non-food	Variety; Affordability

Figure 14: Overview of the positioning of direct competitors; Source:Own illustration based on retail group websites and reports

Overall, most players highlight the notions of proximity and aim at building emotional connections with clients. Screening the main CVS brands in Paris, it can be noticed that the market is highly competitive in terms of product quality. Many competitors, especially Franprix, are thriving to enhance the quality of their assortment emphasizing on sustainability through strong communication around anti-waste solutions, fair trade products, and seasonal consumption. Also, most of them include natural and biological options in their portfolio.

Further, all CVS brands offer extended opening hours as opposed to other retail formats, but stores opened 24/7 are still rare in Paris. Furthermore, even though many CVS chains in France offer ready-to-eat products, few are building their strategy around it. In the last year, Monop', subsidiary of the Casino Group, has been experimenting with stores centered around ready-made meals but there is still room for improvement overall. Consequently, the brand is likely to represent the biggest threat to the implementation of the 7-Eleven brand in France due to its innovative approaches and Monoprix's popularity among the population.

Following this analysis, one of the main opportunities identified for SEJ in France would be to offer fresh food, whether it be grab-and-go or in-store food experiences. To gain attractivity, 7-Eleven stores could position themselves as a food destination offering top-quality meals as it is succeeding to do on the Japanese market. It is important to note that, as a "foodvenience" destination, the company would indirectly compete with fast-food chains (e.g., McDonald's), casual dining restaurants (e.g., Pret A Manger) and bakeries (e.g., La Brioche Dorée). Nevertheless, it could stand out by offering ultra-fresh food, diversifying its portfolio with different types of cuisines and other convenient daily essentials in-store.

Further, the company should aim at creating a quick and frictionless experience for the customer supported by small formats which are still rare on the market, and in-store innovations like automated services that would allow a part of its offer to stay available 24/7 to customers. Similarly to Japan, the chain should open many stores in order to create a dense network allowing to always be close to the customer resulting in optimum accessibility and proximity.

Besides that, there are also opportunities for 7-Eleven to differentiate itself through its brand identity and communication activities. Overall, there seems to be a lack of creativity in the way traditional food retail brands promote themselves in France. Therefore, the brand could stand out by disrupting the landscape through elements like visuals, personality, and tone of voice employed to communicate with customers. For inspirational purposes, a moodboard with some graphic design elements and color palettes ideas was included in Appendix J.

In conclusion, the competitive advantages of SEJ on the French market would mainly lie in its fresh food offer with the goal of becoming a food destination. Contrarily to its direct competitors, the focus would be on selling the best food and accessorily everyday grocery essentials.

5.3 Marketing strategy

In the following section, the 4 P's framework will be used to give SEJ recommendations on the product, price, place through in-store experience, and promotion axes to set up its marketing activities in France. These recommendations are tailored to the personas previously presented and the value proposition, both based on quantitative results and secondary data research.

5.3.1 Product offering

As a CVS, 7-Eleven should enable customers to access a wide grocery offer including preferred brands of consumer-packaged goods (CPG), one of the main customer pain point being that they do not find the brands they like during their food shopping. In parallel, to stand out from competitors, the chain should give shelf space to emerging and innovative brands perceived as "cool" and "youthful". In the figure below, healthy and trendy specialty products were listed to illustrate and give examples of products that could be interesting to include in 7-Eleven's portfolio.

Figure 15: Examples of alternative and innovative food brands ; Source: Company websites linked in figure

On another note, when taking into account the Sustainable Development Goals (SDGs), including such options in its portfolio would allow the company to increase its impact on the community by improving nutrition and promote a more sustainable agriculture (SDG #2) that is less harming for the planet (SDG #13).

Besides offering regular everyday essential items, the main focus of 7-Eleven's product strategy should be on its ready-to-eat food selection. The franchisee in Japan is very successful at developing original products that are widely loved by their customers. The goal of the food selection should be to solve the problems of busy consumers like Sara and Quentin who are looking for quick and efficient delicious solutions, while providing fresh and healthy options for intransigent customers like Alice (cf., Personas defined in section 6.1.4). Moreover, secondary research showed that there is a higher demand for healthy ready-to-go food on a wider scale, with an opportunity for retailers to innovate with food, beverage, and gastronomy concepts, especially in the vegetarian, vegan, superfood, premium, and high-tech restaurants segments (The Retail Marketeers 2020).

Similarly, to what is done in Japan, 7-Eleven could create different lines of private label products with an affordable line, a line focused on vegetarian and vegan options and one surrounding café-related products (e.g., bakeries, barista drinks to go). Nonetheless, the same level of quality should be applied to all products with the chain aiming at avoiding additives and other harmful ingredients following consumer preferences. Anyhow, 7-Eleven should constantly adapt to local demand at the store level, implementing a hyper-localization strategy through customer data analysis like it is done in Japan. This way, the brand will adapt better to consumer needs, and as a result, the products will have shorter shelf lives.

To offer its customers more variety and dynamize its offer, the chain could also partner up with local dark kitchens. To provide a definition of the term, dark kitchens are food businesses that make delivery-only takeaway meals. As an illustration and inspiration, the rapid delivery company Deliveroo developed a fully automated dine-in space in Singapore where users were able to order from a large range of dark kitchens (Business Insider 2019). As these businesses are developing quickly, it could be an interesting option for 7-Eleven to partner with some of them to provide a wider range of fresh options to their customers.

5.3.2 In-store experience

The general goal of 7-Eleven stores should be to offer a quality food experience while keeping the customer journey frictionless. At the infrastructure level, store surfaces should be kept small, not exceeding 150 square meters , allowing customers to do their convenient shopping quickly and easily. In addition to the traditional counter services, 7-Eleven should consider implementing automated solutions such as self-checkout systems or in-app checkout to reduce waiting lines causing customer frustration. Indeed, long queues at checkout were cited as the main pain point when visiting a grocery store by the survey respondents. Further, offering dining-in spaces could potentially elevate the experience for customers. At a store level, areas should be identified to set up spaces with tables and chairs to be used by customers wanting to eat inside the store. Getting inspiration from the operations in Denmark, the company might also prefer to hire staff who are passionate or have some knowledge about food. Employing people with experience in restaurants or other food businesses would bring in new expertise and skills that might contribute to enhance client experience in-store (Global Convenience Store Focus 2019).

Experimenting with other retail formats for promotion purposes could be an opportunity to establish brand awareness and push trial. For example, pop-up food trucks with 7-Eleven products and exclusive specialty items could be set-up in very dense areas like the business district La Défense, or in the touristic centers over a limited period of time. Once the company is established, the food trucks could be used to test newly developed private label products, allowing for customer feedback which can be taken into account quickly for adjustments.

5.3.3 Price positioning

Given the state of the food retail market with consumers being quite price sensitive, it is clear that 7-Eleven should keep affordability as one of its priorities when designing its price strategy. Nevertheless, the chain could use techniques like zone-pricing, for example, creating price-zones instead of mere geographic segments by analyzing consumer purchasing data as well as consumer preferences and varying price sensitivities. This strategy takes into account consumer willingness to pay, competitive alternatives, category and item-specific characteristics, as well as technology capabilities (Boston Consulting Group 2021). To collect and track purchasing data, the chain can set up loyalty programs and incentivize customers to sign up by offering deals and discounts. Beyond that, one of the pain points of Sara, the student persona (cf. section 5.1.4), was the inability to find affordable ready-to-eat food solutions. One of the features 7-Eleven stores could offer to answer her need could be to introduce student discounts. The program could then be promoted through partnerships with local universities and other educational programs.

5.3.4 Promotion activities

If the brand is clever in the way it communicates, it can be more performant and increase its brand relevance to customers. Generally, brands should stay consistent around the key messages they intend to communicate. When introducing the 7-Eleven brand on the French market, it is advised to develop communication activities around the two following messages.

- *“We have the best food”* – The first messaging pillar surrounds food **quality** with the brand enhancing the freshness, deliciousness of its products, and exceptional food presentation.
- *“7-Eleven will make your life easier”* – The second messaging pillar relates to the convenience brought by 7-Eleven, highlighting how **quick** and **easy** it is to shop at 7-Eleven stores.

The channels to be used for promotional activities depend on the goals and targets of the brand. If 7-Eleven enters the French market, the company will have to create brand awareness. Combining offline, online, public relations, and event marketing would be ideal. Nevertheless, the company should weight opportunities and costs when electing each channel. Looking at other CVS brands on the French market, few of them are pushing their online channels. Creating and leveraging social media channels could be an option for 7-Eleven to create awareness through performance marketing as well as organic pages to stay connected to their audience. Some food retailers in other countries are finding creative ways to bond and engage with customers. As an example, the American CVS brand Sheetz launched a TikTok film festival for Valentine’s Day partnering with creators to publish short films on the platform (The Drum 2022). Offline activities also represent a good way to raise awareness for the brand. For instance, 7-Eleven could partner with local street artists to design urban murals creating immersive and “instagrammable” experiences.

5.4 Conclusion of marketing strategy recommendations

The food and grocery market in France is highly competitive and challenging for SEJ to enter. Nevertheless, there are many opportunities for the company to bring something to the table with a strong value proposition and innovative brand proposals. Positioning 7-Eleven as a food destination besides being a mere CVS was determined to be a great opportunity enabling to solve challenges customers currently face on the French market. Moreover, the brand should aim at providing its customers with a seamless experience through quick in-store experience. To summarize, 7-Eleven’s goal would be to offer foodvenience through **quality** products and **speed**. To track its marketing efforts, the brand will have to measure the impact of these activities through different KPIs, especially when it comes to brand awareness and perceptions associated to 7-Eleven at the beginning.

6 Limitations

The generalizability of the results is subject to certain limitations. Firstly, regarding the marketing strategy approaches, the present recommendations were based on extensive secondary data collection as well as quantitative research results. Within this scope, 104 valid answers were collected. The insights retrieved represent a good exploratory base. Nevertheless, if SEJ is interested in moving forward with a market entry in France, it should conduct research on a larger level to confirm these insights and explore the marketing strategies in more detail.

Secondly, regarding the operations strategy approaches, the FL adopts a qualitative and explorative research approach. Consequently, the derived implications and findings should be understood and interpreted accordingly. Through qualitative research, a broad range of the topics under discussion have been covered in expert interviews. However, it is very likely that further insights will be gained when conducting and analyzing a larger number of interviews and perspectives, further increasing the validity of the research results.

This FL explicitly and exclusively addressed marketing and operations context of SEJ’s entry in France. Future studies might also incorporate other crucial layers in SEJ’s internationalization. To epitomize this, organizational strategy approaches, communication strategy approaches, financial and investment strategy approaches, as well as legal matters also need to be considered. This would enhance the business blueprint, further establishing a comprehensive and specially tailored framework for the company.

Moreover, as briefly touched upon earlier (in section 5.2.2), there is no denying the fact that Europe is currently exposed to a high level of uncertainty. This is due to the ongoing global Covid-19 pandemic and the recently increasing tensions with regards to the Russia conflict. Clearly, there is no ruling out the possibility for SEJ’s entry in France to be affected by such events, and thence, should not be ignored.

7 Conclusion

This FL set out to build the basis for internationalization of the Japanese CVS model within the European market. The research was threefold.

The FL intended to determine whether there is a potential for SEJ to further tap into the European CVS market, and *which* country would be most suitable according specifically selected criteria. The FL aimed to explore *how* SEJ is recommended to enter in France, particularly in terms of competitive *marketing* and *operational* strategy approaches, allowing the company to differentiate and gain relevance in the market.

This Work Project adds value by establishing a basis for future research addressing the increasing prominence of convenience solutions. With regards to the content, the FL team received approval from various industry experts, making this project credible and further endorsing such approaches. Of course, the present study is just a starting point. The goal should be to refine such best practice approaches for SEJ to follow, sustain further global growth, and improve the innovation outcome in the long run.

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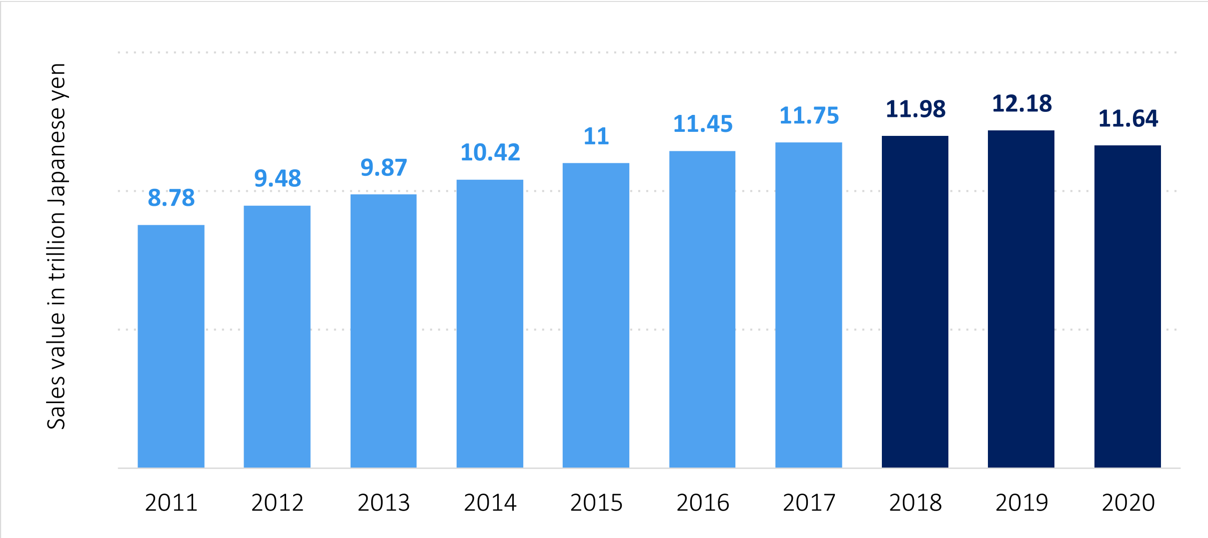
Appendices

Appendix A – Convenience store sector sales in Japan

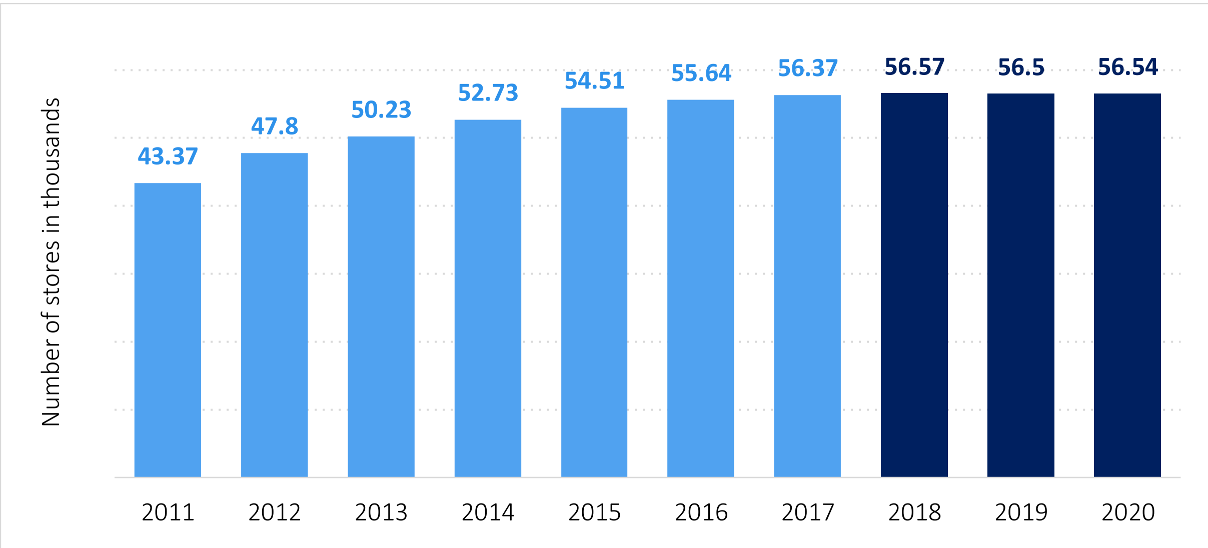
Sales revenue of the convenience store sector in Japan 2011 to 2020 (in trillion Japanese yen)



Sources: Lawson; METI (Japan)

Appendix B – Convenience store numbers in Japan

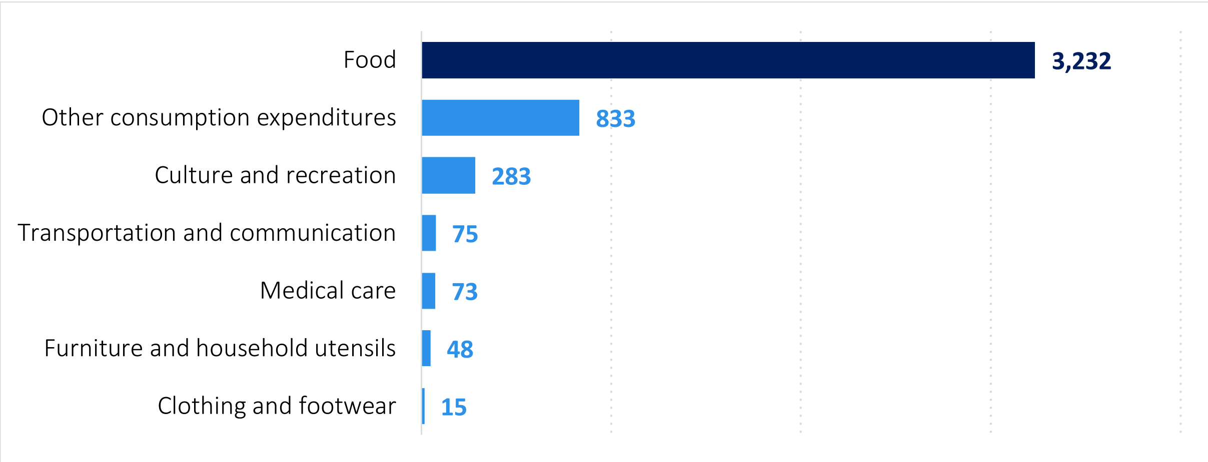
Number of convenience stores (konbini) in Japan from 2011 to 2020 (in 1.000s)



Sources: Lawson; METI (Japan)

Appendix C – Average monthly household expenses at konbinis in Japan

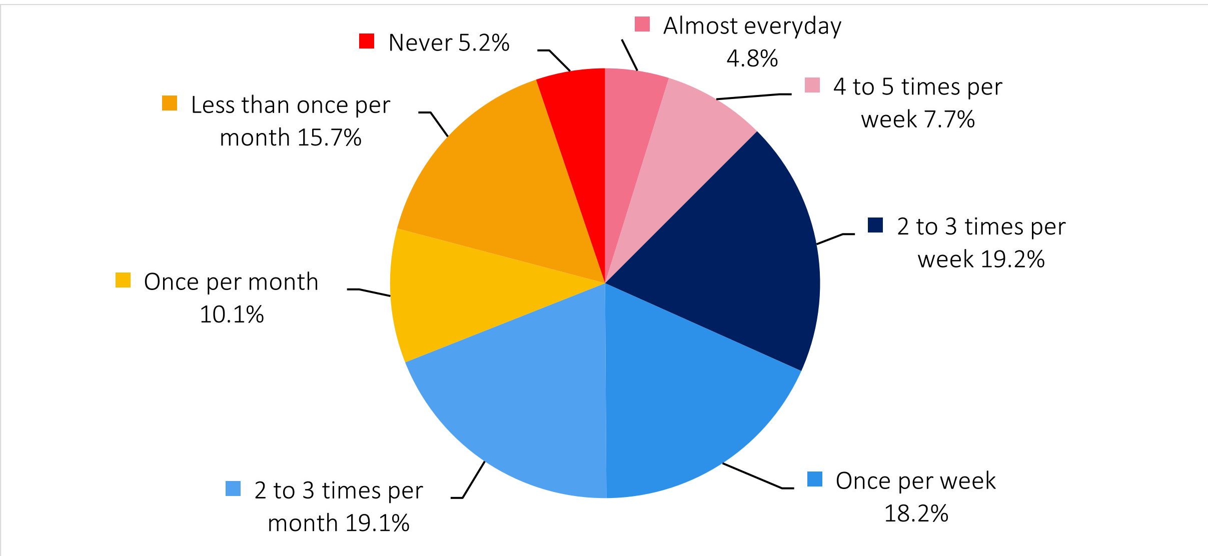
Average monthly household expenditures at convenience stores (konbinis) in Japan in 2019, by expense item (in Japanese yen)



Notes: 34,490 households; total households; postal questionnaires, face-to-face interviews, and online surveys
Sources: Ministry of Internal Affairs and Communications (Japan); e-Stat (Japan)

Appendix D – Shopping frequency at convenience stores in Japan

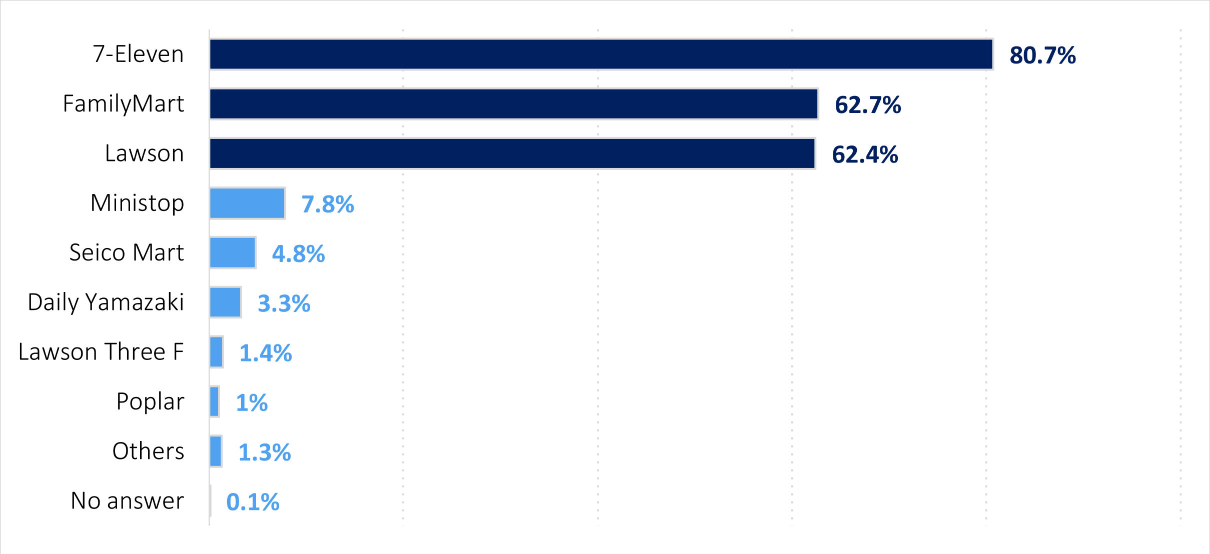
Frequency of shopping at convenience stores in Japan as of March 2021



Notes: 10-79 years; 10,165 respondents; only one answer was allowed
Source: MyVoice

Appendix E – Preferred convenience stores in Japan

Most popular convenience stores in Japan as of February 2021



Notes: 10-79 years; 9,540 respondents; multiple answers were allowed
Source: MyVoice

Appendix F – Profiles of industry experts for qualitative research

Link to all interview scripts: Click here

 **Karla Figueroa**	• **Experience:** Marketing & Innovation Group Manager at Carrefour; before: Omni-Channel & E-Commerce Retail Manager • **LinkedIn:** https://www.linkedin.com/in/karla-figueroa-a3941a1/ • **Country of residence:** France • **Aim of interview:** Insights on French consumer trends, CVS landscape in France, recent strategy and innovation approaches of Carrefour, assessment of gaps within the French market
 **Sándor Timár**	• **Experience:** Market Development Manager at TOO International; before: Retail Consulting, Global Affairs & Public Relations Manager at Seven & i Holdings Co., Ltd. • **LinkedIn:** https://www.linkedin.com/in/sándor-timár-6851045b/ • **Countries of residence:** Hungary, Japan • **Aim of interview:** Exclusive insights from the Seven & i Holdings operations, market selection criteria, implications for internationalization potential to untapped markets, entry mode strategies
 **Christian Warning**	• **Experience:** Managing Director at The Retail Marketeers, Relationship Partner D-A-CH at NACS, Chairman at Institute of Culinary Art • **LinkedIn:** https://www.linkedin.com/in/christian-warning-b90a772/ • **Country of residence:** Germany • **Aim of interview:** Comprehensive insights on convenience retail trends and challenges in Europe, foundation for possible entry options for existing CVS brands
Anonymous Interviewee	• **Experience:** Director of Partnerships at Auchan • **Country of residence:** France • **Aim of interview: :** Insights on the food retail landscape in France, recent strategy and innovation approaches of Auchan, evaluation of potential partnership between 7-Eleven and Carrefour

Appendix G – PESTEL Analysis of France

Political

- Influential role within the European Union, part of the Eurozone and the Schengen area (European Union 2022)
- Permanent member of NATO, UN Security Council, G-8, G-20 upholding its vision on several institutional levels (Council of the European Union 2022)
- Semi-presidential republic, center-liberal president Emmanuel Macron (Badertscher 2022)
- Ongoing Covid-19 pandemic and recent events of Russia's invasion in Ukraine present major challenges within the political context (Financial Times 2022)

Economic

- One of the largest and most diverse economy worldwide with strong sectors of agriculture, manufacturing, transportation and services (Badertscher 2022)
- Average gross annual salary of 42,200€ ranking 10th among EU countries
- Average annual standard of living of 23,782€, well above EU average of 19,696€ (Insee 2022)
- France's overall economy proven to be resilient despite tough political context with a current GDP of 2,63 trillion and a growth rate of 5.42%
- Declining employment rate (7.2%) and improved labor market (OECD 2021)
- However annual inflation lies at 4.2% being at its peak since 1985 (Statista 2022)

Social

- Growing number of single-person households (Institut National d'Études Démographiques 2021) explained by an aging population and changes in lifestyles: lower number of large families, later pairing up and weaker unions leading to more single parenthoods (Insee 2017)
- Social inequalities especially among young people presenting job insecurity and difficulties to access higher education of the poorest

Environmental

- Further pushing recovery plans, structural reforms and stimulation of innovations
- "Relaunch France", France's economic recovery plan for 2020-2022 includes numerous measures to retain R&D capacities and skills
- Training young people in strategic and dynamic sectors including technology, ecological (Direction Générale du Trésor 2020)

Technological

- Increasingly aiming for more clear mobility solutions, more responsible energy and fuel consumption, circular economy transitions, green finance and innovative agriculture solutions (Gouvernement France 2022)
- 30€ billion investment to make France a leader in ecological transition and becoming the first major European national be carbon neutral by 2050
- Fostering energy efficiency of equipment and low carbon heat installations
- Development of green hydrogen with €7 billion over 10 years, €500 million investment in recycling and re-use (Direction Générale du Trésor 2020)

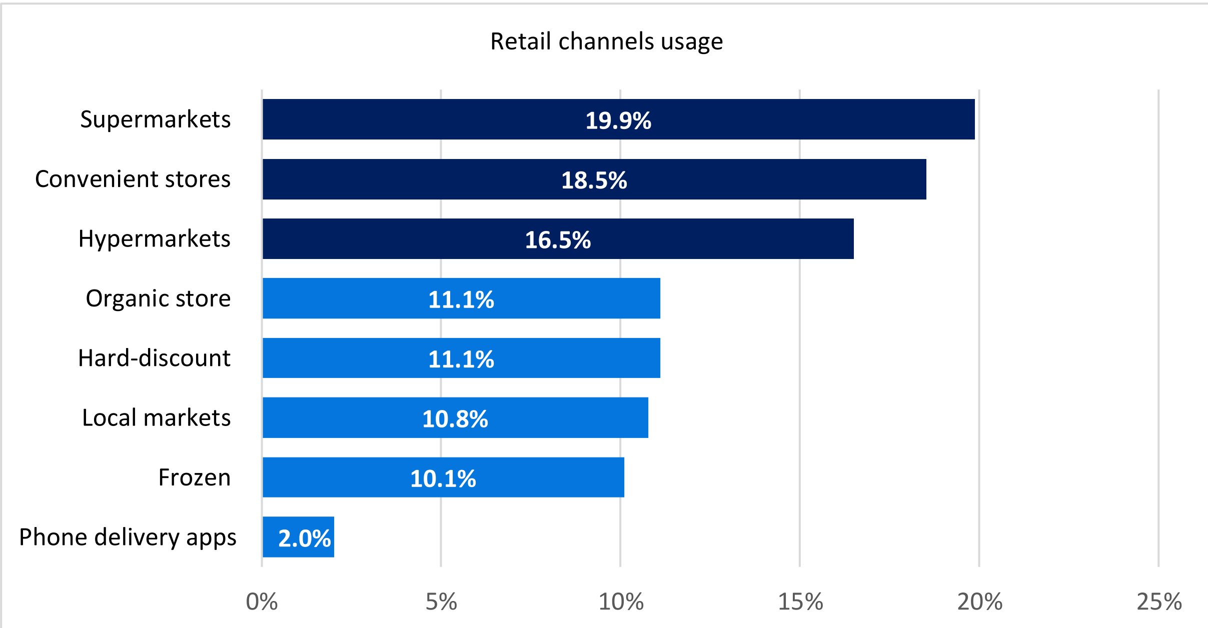
Legal

- Apart from the Covid-19 and health emergency measures, there are no specified restrictions on establishing business with certain countries (Danesi, Lebeau-Marianna and Haidar 2020)
- Foreign investment control (direct or indirect interest) is enhanced since the Covid-19 pandemic, transaction processes are reviewed and authorized by the French Monetary and Financial Code (MFC) and Ministry of Economy (MoE) (Berg 2021)
- Compliance with financial and non-financial information for transparency (International Financial Reporting Standards)
- Strict monitoring measures regarding risk prevention of environmental, social and governance issues (Delhaye and Jabouley 2021)

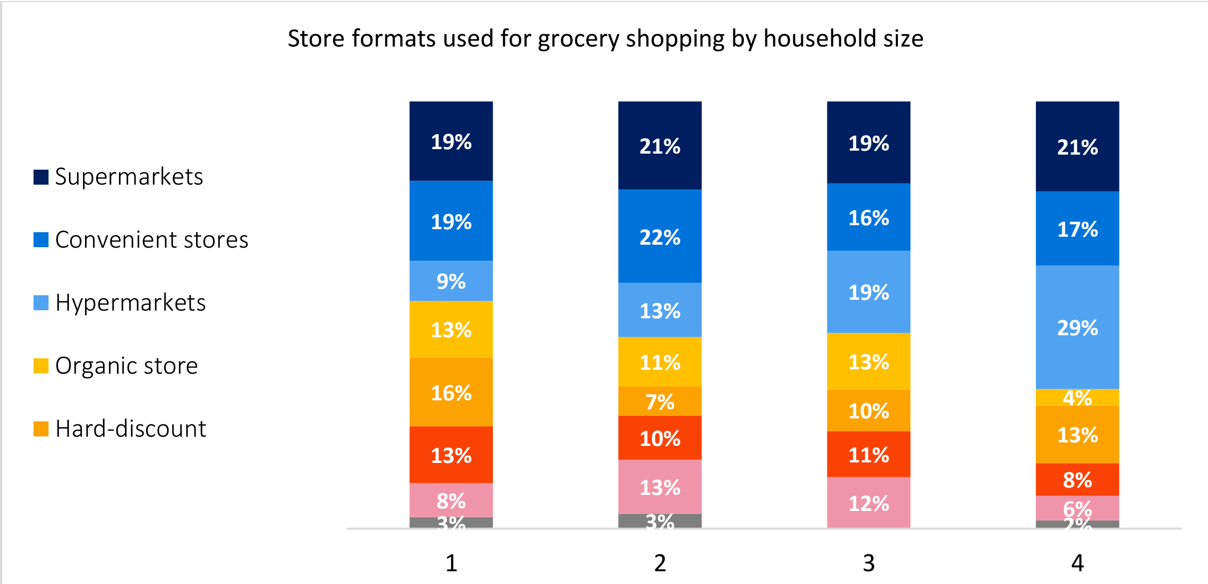
Appendix H – French grocery retail brands formats

Source: Own illustration based on information found on retail group websites

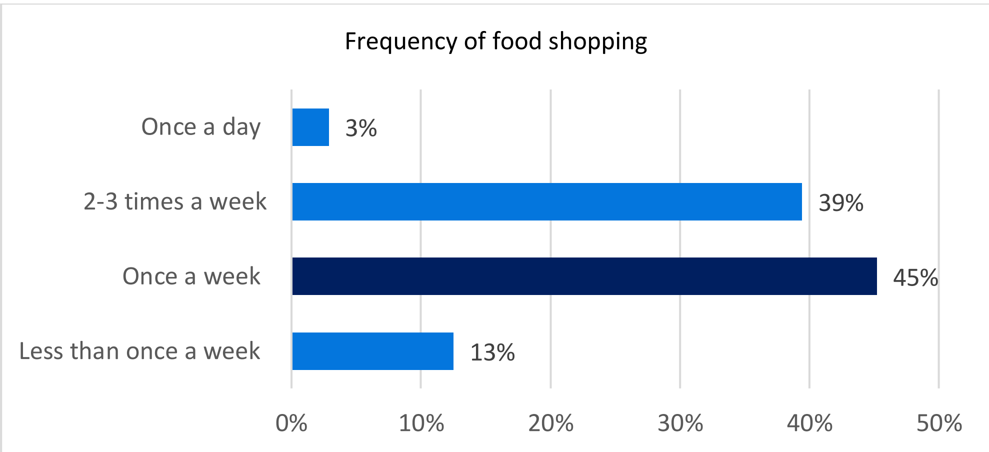
Appendix I – Survey Results



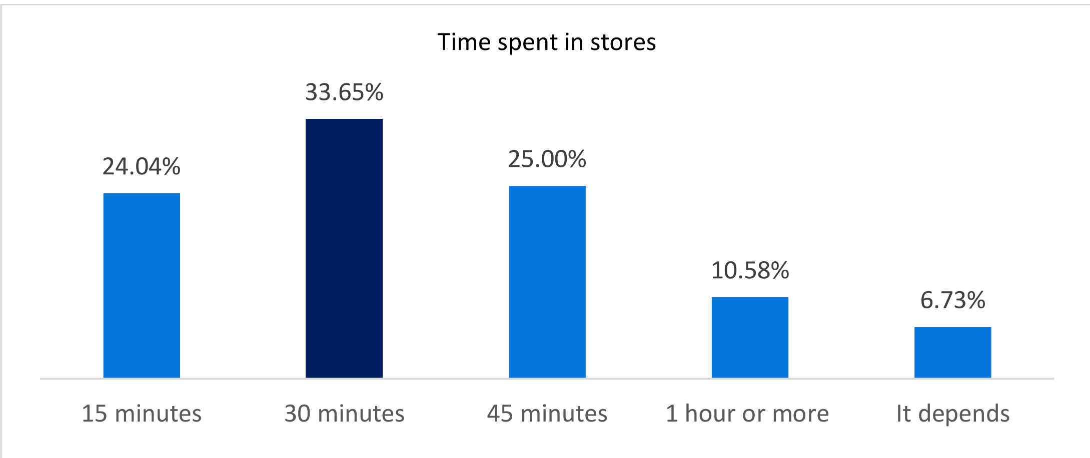
Question 1: In which types of structure do you shop for food? (Multiple answers allowed)
Source: Survey Conducted by the FL team; Sample, n = 104



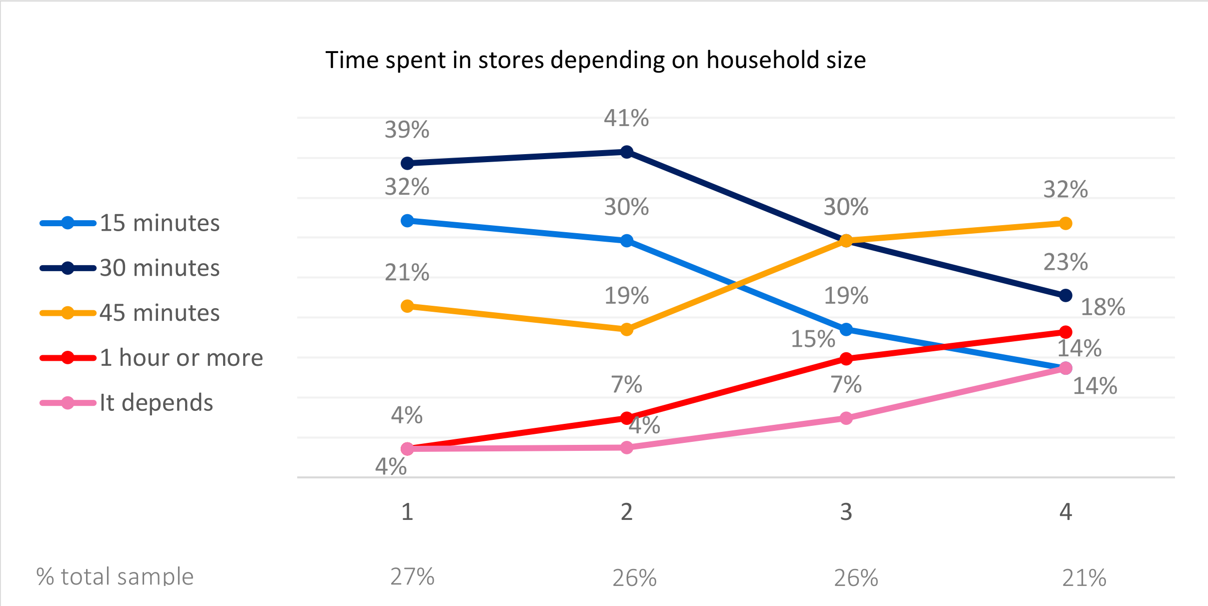
Notes: Question 1: In which types of structure do you shop for food? (Multiple answers allowed)
Source: Survey Conducted by the FL team; Sample, n = 104



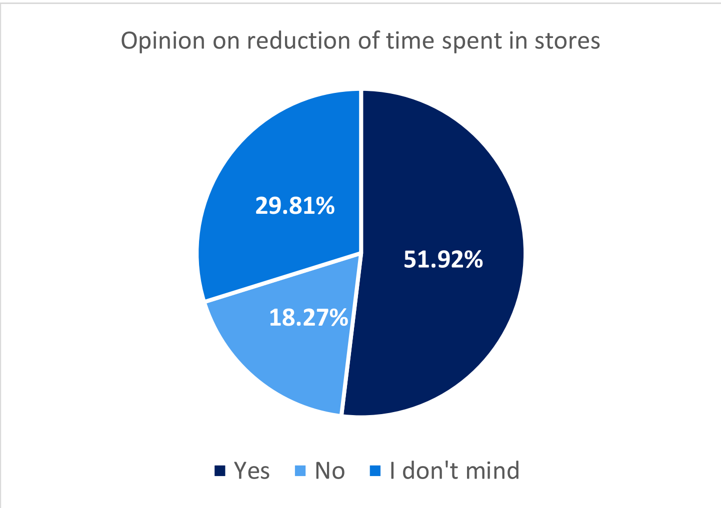
Notes: Question 2: How many times a week do you visit a store to shop for food?
Source: Survey Conducted by the FL team; Sample, n = 104



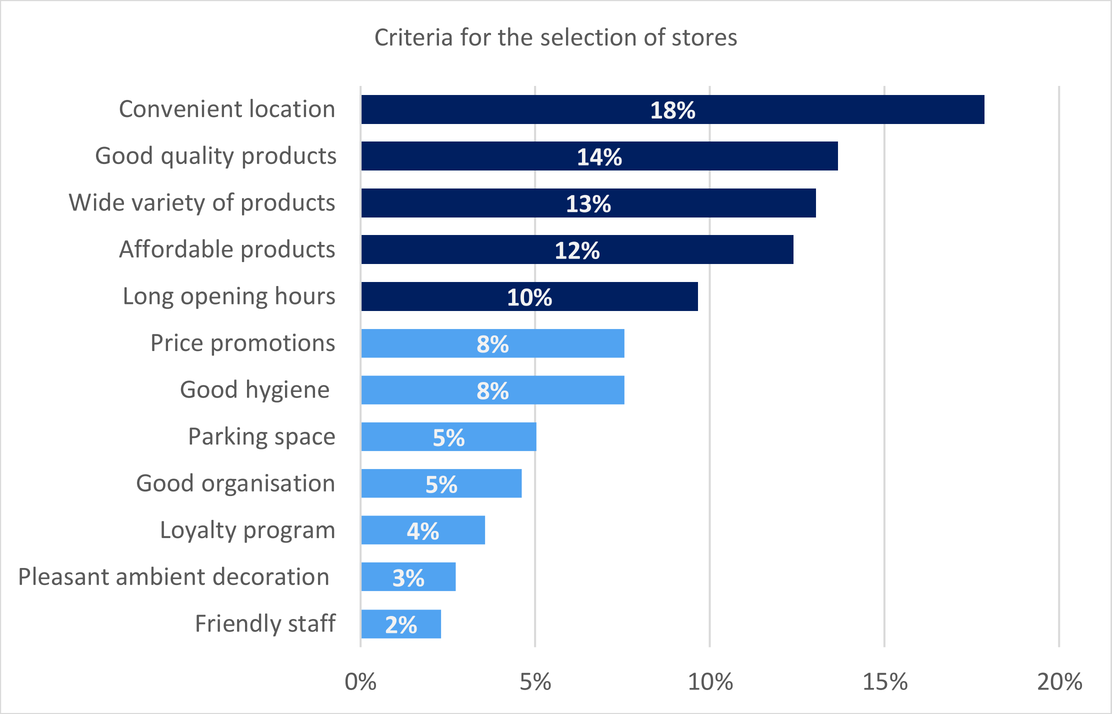
Notes: Question 3: When you shop for food, how much time do you spend in stores on average?
Source: Survey Conducted by the FL team; Sample, n = 104



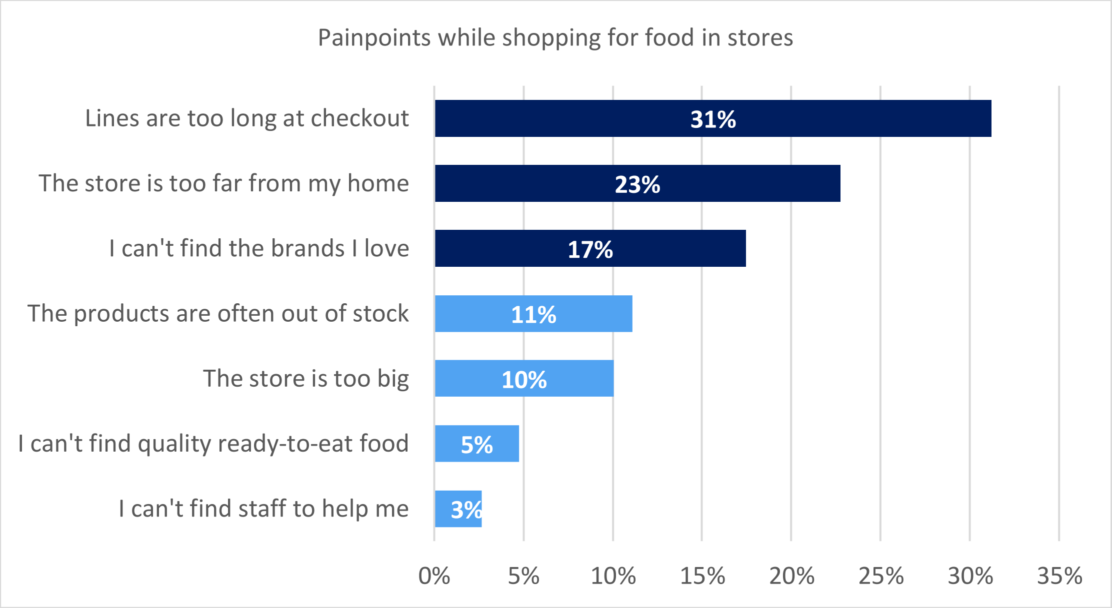
Notes: Question 3: When you shop for food, how much time do you spend in stores on average?
Source: Survey Conducted by the FL team; Sample, n = 104



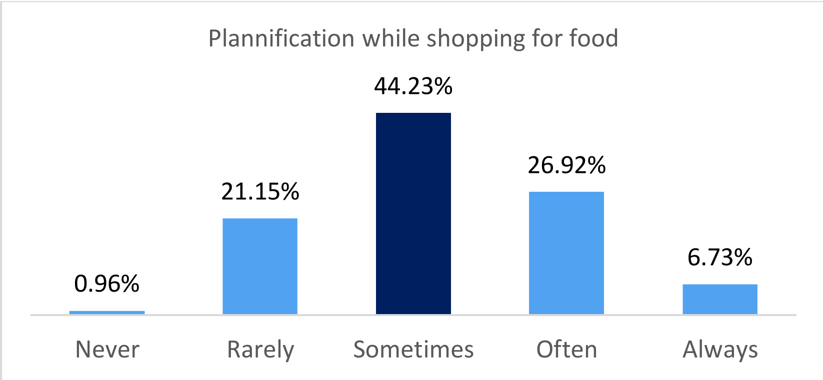
Notes: Question 4: Would you like to reduce the time that you spend in stores in general?
Source: Survey Conducted by the FL team; Sample, n = 104



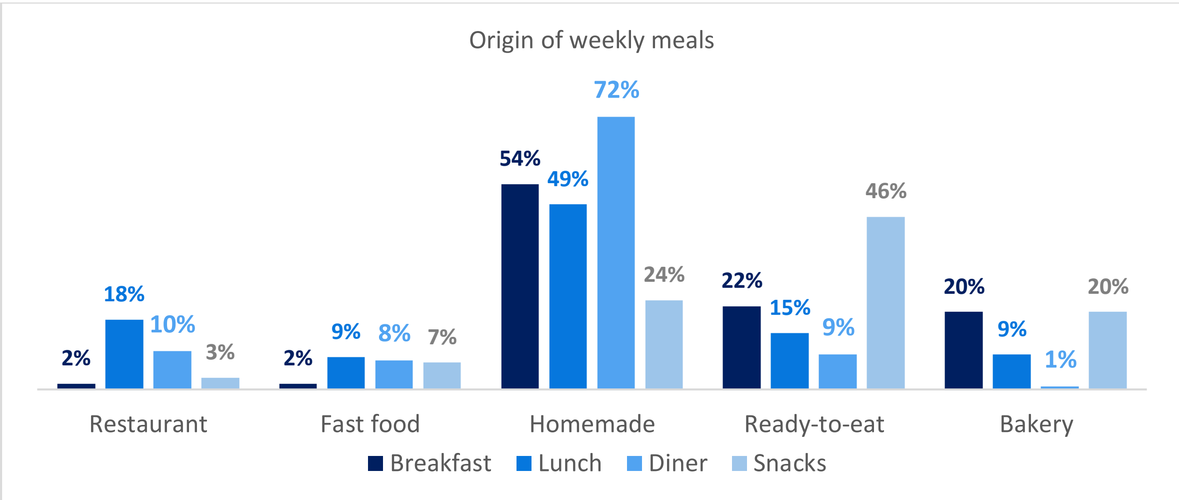
Notes: Question 5: When selecting the store where you do your food shopping, what criteria are important to you?
Source: Survey Conducted by the FL team; Sample, n = 104



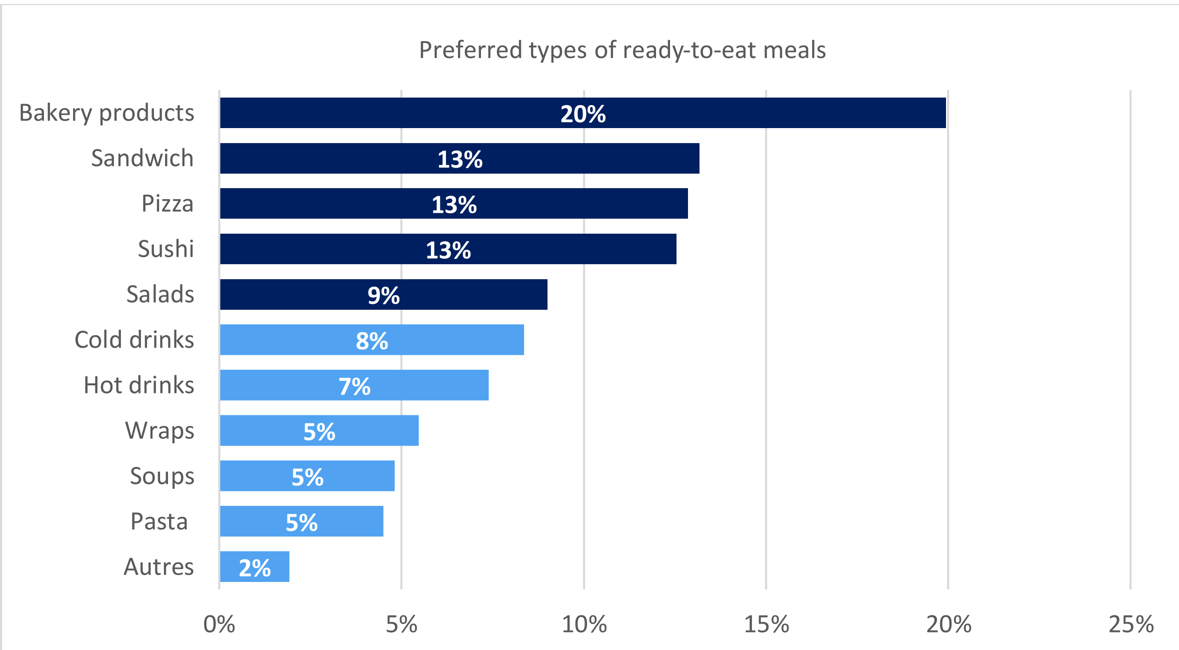
Notes: Question 6: When visiting a store for food shopping, what are the major pain points you experiment?
Source: Survey Conducted by the FL team; Sample, n = 104



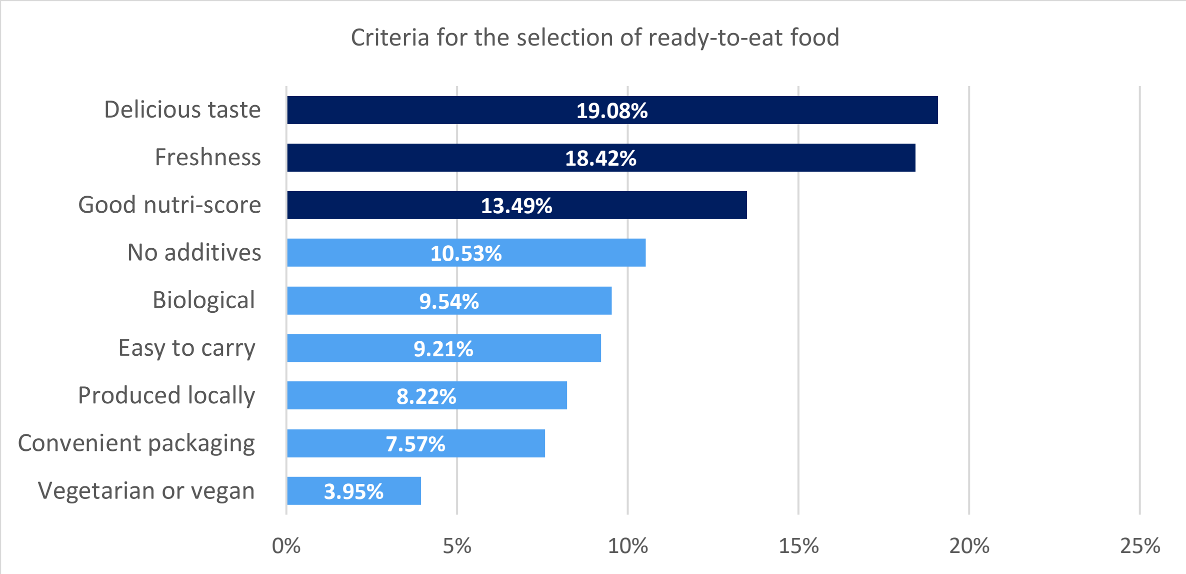
Notes: Question 7: When you shop for food, how frequently do you buy articles spontaneously?
Source: Survey Conducted by the FL team; Sample, n = 104



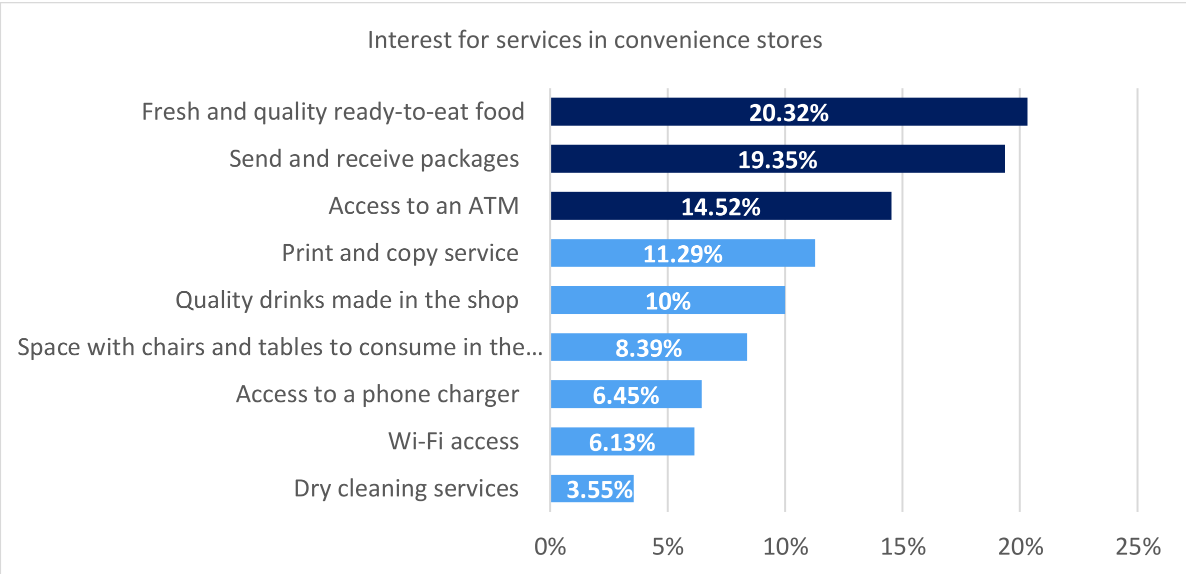
Notes: Question 8: During the week, where do your meals usually come from?
Source: Survey Conducted by the FL team; Sample, n = 104



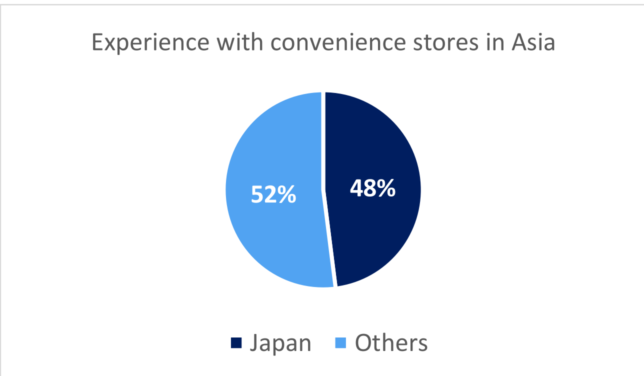
Notes: Question 9: What are your favorite types of ready-to-eat products?
Source: Survey Conducted by the FL team; Sample, n = 104



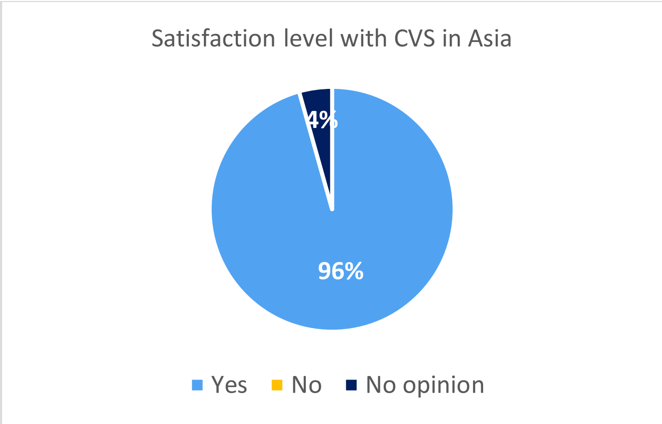
Notes: Question 10: When you buy ready-to-eat food, what criteria are important to you?
Source: Survey Conducted by the FL team; Sample, n = 104



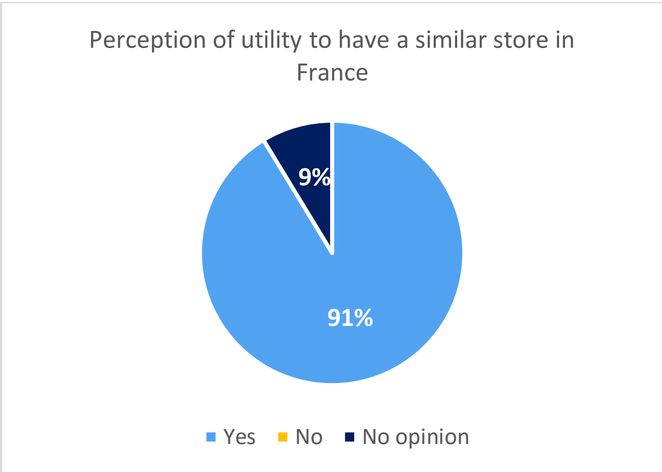
Notes: Question 11: Apart from buying groceries or food, would you be interested in the possibility of having the following services in stores
Source: Survey Conducted by the FL team; Sample, n = 104



Notes: Question 11: Have you already experimented with ultra-convenience stores in Asia (e.g. 7-Eleven, Family Mart, Circkle K)
Source: Survey Conducted by the FL team; Sample, n = 25



Notes: Question 13: Are you satisfied with your experience?
Source: Survey Conducted by the FL team; Sample, n = 23



Notes: Question 14: Do you think that a similar business format (ultra-proximity, long opening hours, quality prepared meals, other convenient services) would bring added value to your daily life in France?
Source: Survey Conducted by the FL team; Sample, n = 23

Appendix J – Inspiration moodboard for brand visuals

Source: Illustrations and packaging prototypes from Behance, store photos from 7-Eleven Denmark

Declaration of authorship

We hereby declare that we have written this paper ourselves and used no other sources or resources than those indicated, have clearly marked verbatim quotations as such, and clearly indicated the source of all paraphrased references, and have observed the General Study and Examination Regulations of Nova School of Business and Economics for master programs, the specific regulations for study and examinations of our study program, and the Regulations for ensuring Good Academic Practice of Nova School of Business and Economics. Neither this paper nor any part of this paper is a part of any other material presented for examination at this or any other institution.

Lisbon, 20th of May 2022