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THE OPPORTUNITIES AND CHALLENGES OF VIETNAM'S CONVENIENCE STORES. LEARNING FROM TAIWAN.

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Abstract

Recent years, a revolution have witnessed in retail marketing in Asia, especially according to Euromonitor lifestyle report from April 2012, Taiwan has the highest per capita density of convenience stores [1]. Convenience store chains can be found in everywhere – city or countryside – and the integrated services is why the Taiwanese love their convenience stores so much. Just like picking up a snack or a drink, you can pay your utility bills, buy movie tickets, use the ATM, have your blood pressure measured, print documents and so much more – all within one convenience store. At the same time, another country – Vietnam, What happens in Vietnam? Vietnam does not move step by step in the retail development path. Instead, Vietnam's retail progress is impressive and chaotic with the fierce competition of the various retail channels. This paper aims to appreciate the whole of Vietnam's retail market and analyzes about the opportunities and challenges of Vietnam's convenience stores. The trends of convenience stores and some affected elements will be researched in the economic situation which the multinational retail groups have taken active steps to penetrate Vietnam's retail market. Something will be noted from analyzing marketing strategy of Taiwan's successful convenience store chains. Some methodologies have adopted in the research such as case-study analysis. Moreover, in this thesis, the author's knowledge and observations are also utilized to analyze the market, predict the trends and come to specific solutions for assisting sustainable development in the future. The deductive research approach is applied.

Keywords: Convenience stores; Taiwan's retail market; Vietnam's retail market; marketing strategy; marketing analysis; trends; customer behavior; opportunities and challenges…

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I. INTRODUCTION

Over the past fifty years, Taiwan economy has been transformed from one reliant on agriculture to the country with an industrial and services orientation. Taiwan is home to almost 24 million inhabitants and is considered to be one of the largest economies in the world (based on 2012 Planet Retail statistics) [1]. Already 10 years ago there were those who claimed the market had reached saturation point. However, the pace of development has not slow, the convenience stores have become an indispensable feature of everyday life for locals and a vital refreshment point for foreign tourists.

As of July 2014, there were over 10,000 convenience stores in Taiwan. In terms number of stores, 7- Eleven, with close to 5,000 outlets island-wide, accounts for 47% of the market followed by Family Mart (28%, 2,914 stores), Hi-Life (13%, 1,295 stores), OK Mart (8%, 880 stores). Altogether, the leading four chains account for 95% of the total market. The tendency of the market is that the large chains become larger while smaller chains are struggling to survive against such fierce competition (Cindy Chang, 2014) [2]. According to AC Nielsen report, 80% Taiwanese go to a convenience store at least four times per month. The numbers approve the development of Taiwan's convenience store and motivate the author do a research about the core values which make convenience store model successful in Taiwan.

In this research, some values are withdrawn from Taiwan's case-study to apply in Vietnam's retail market. Vietnam's stable economic growth rate and population size of approximately 90 million people provide an attractive atmosphere for development of the retail industry. A relatively young population, coupled with rising income levels, increased urbanization, and an attractive business environment supported by lower trade barriers and reduced corporate tax rates, have enhanced Vietnam's position as a high potential growth market (Deloitte, 2014) [3]. However, the convenience store chains model have not dominated the retail market as in Taiwan.

This research objects to analyze some elements which impact to Vietnam's retail market such as: Population; Urbanization; Income and purchasing power; Customer behaviors; Legal policies...The whole picture of Vietnam's retail market with opportunities and challenges to the convenience store chains will be researched. Some disputations about the development trend of convenience stores in Vietnam next few years and some valuable lessons will be discussed in this study.

The research process began at looking overview Vietnam's retail market and appreciating not only the potential market but also the components affect to convenience stores development. After that, the opportunities and challenges of Vietnam's retail market and how to learn from Taiwan's successful convenience store chains story are in turn appeared.

The deductive research approach is applied besides case-study analysis, 7-11 a great convenience store brand name will be dissected to specific illustrations for this research. Moreover, in this thesis, the author's knowledge and observations are also utilized to analyze the market, predict the trends and come to specific solutions for assisting sustainable development in the future.

Ⅱ. OVERVIEW VIETNAM’S RETAIL MARKET

Nine years after joining the World Trade Organization (WTO), Vietnam has emerged as one of the most attractive retail markets in the world. Many international retail groups have entered the market, providing greater choices for consumers whilst creating intense competitive challenges for domestic players (Deloitte, 2014) [3]. Vietnam has a variety of retail channels such as: The traditional market including wet and flea markets, small grocery; the modern market including hypermarkets, supermarket, shopping malls, department stores, convenience stores, E-commerce. For most of economies, a retail sector would go through several phases of development. However, Vietnam does not move step by step in retail development path. Vietnam’s retail channels is growing together and surviving in the intense competition.

Vietnam’s retail market is impressive and chaotic, a number of qualified brand names are shown below which will clarify this appreciation: The expansion of convenience stores continues speed up. According to Mr. Vaughan Ryan, manager Director of Nielsen Vietnam: convenience store numbers doubled in 2014, from 147 in 2012 to 348, while the minimarts increased by 589 in number last year, from 863 in 2012 to 1.452. The Nielsen Vietnam figures show that Circle K and Shop & Go had the first store in 2005, had expanded to 125 outlets around Vietnam as at June 2015. Family Mart had 27 stores and has plan to achieve 300 in 2015 and 1.000 stores in 2020. Ministop has 12 stores and in the 500 goals in the next five years. Meanwhile, Vietnamese enterprises are also increasing their convenience store coverage in major cities. Vingroup has opened 30 under the VinMart+ name this year. The group also plans to develop 1,000 convenience stores in its strategy to become the leading Vietnamese retailer in the next three to five years. The Saigon Trade Corporation

(Satra) has also raised its number of convenience stores to 60, after opening its latest SatraFoods in Ho Chi Minh City's District 9 at the end of June 2015. Saigon Co-op, meanwhile, now has 91 Co.opFood and nearly 200 Co.op convenience stores (vneconomictimes, 2015) [4].

Table 01: Vietnam's retail market is appreciated as a potential market

Vietnam's retail market is characterized as being one of the most dynamic markets in the region with high annual growth rates. According to the research of CBRE – Commercial Real Estate firm, Hanoi capital is ranked 13th in the list of 19 active global retail market. Ha Noi and HCM in Top 10 cities where the retailers intend to open most stores in the next few years. The proportion of Ha Noi is 36% equal to Berlin (Germany) and Shang Hai (China). The retail industry in Vietnam has a stable growth despite the difficult economic, retail sales increased 60% in the period from 2009 to 2013 and forecast to reach 109 billion dollars in 2017 (CBRE – Commercial Real Estate firm, 2014). There are only 700 super markets, 120 shopping malls, over 1000 convenience stores in Viet Nam with 90 million people while Thailand has only 60 million people with 10,000 stores. It approves how potential of Vietnam's retail market, especially the trend development of convenience store chains in Viet Nam (Mr. Kigure Takehiko - CEO Family Mart chain, 2015) [6].

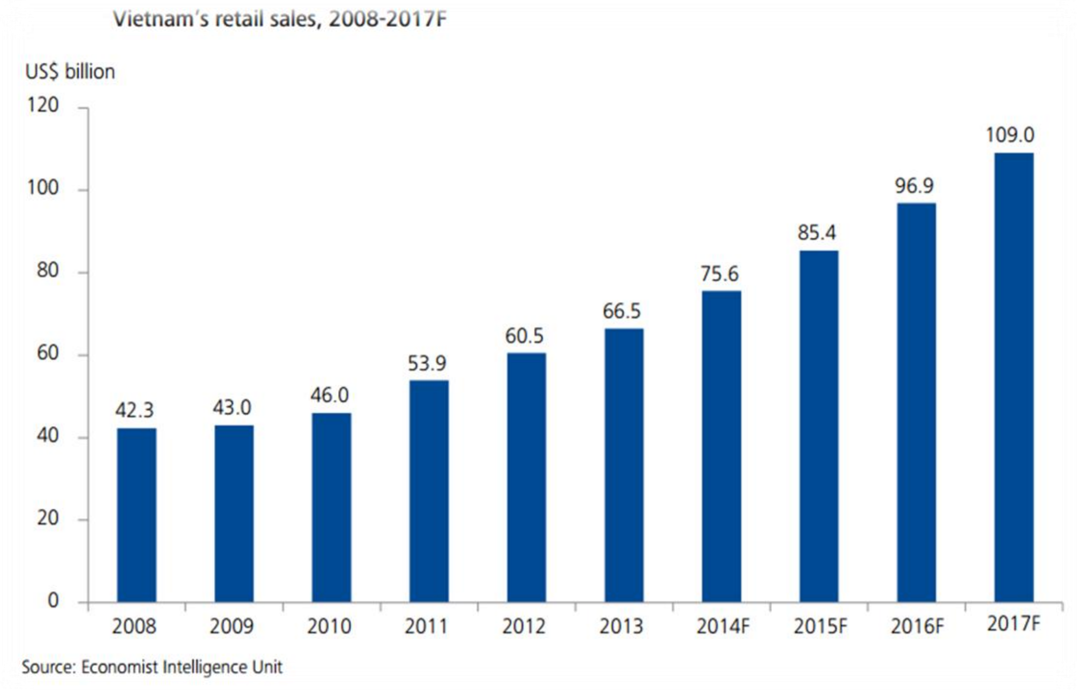

Table 02: Vietnam's retail sales, 2008-2017F | Economist Intelligence Unit

Convenience stores in the competitive situation

According to Kantar Worldpanel report is recorded in 4 major cities also shows that although convenience stores are growing in number, the revenue is accounted only 40%, 60% of the revenue from the groceries. The groceries will always exist in parallel with convenience stores. Some data has been collected from Nielsen Retail Census about the value sales contribution in 2012 also present the market share between the traditional channels and the modern channels. If the modern retail channels have among 1,000 convenience stores and small supermarkets across the country, the traditional retail channels have around 300,000 grocery stores and wet markets have more than 2,000 spread throughout the provinces. Some numbers express the competitive situation between convenience stores and another retail channels.

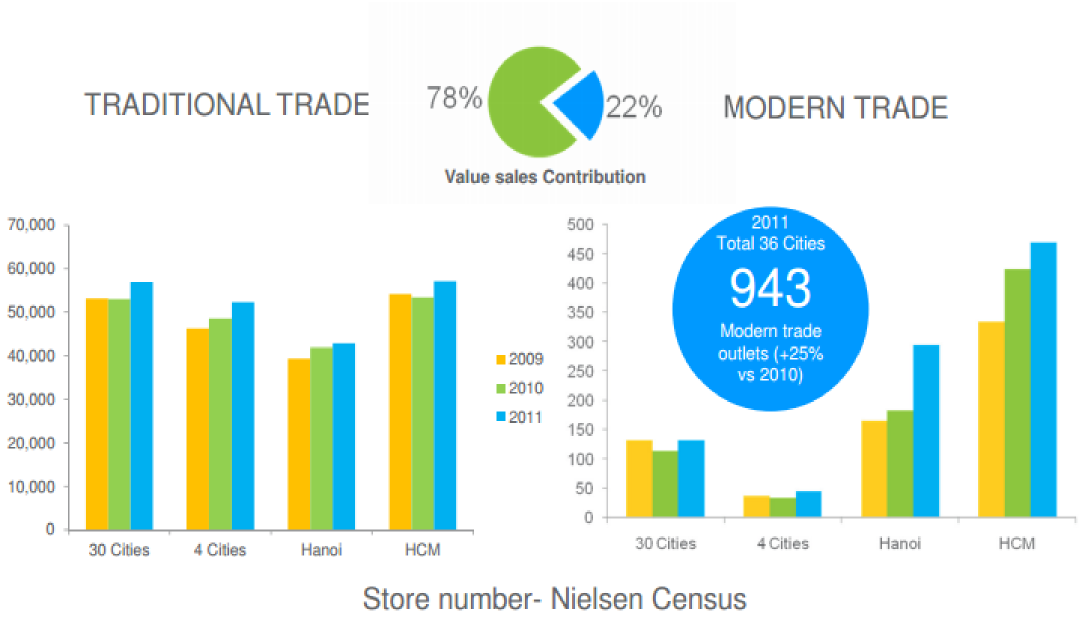

Table 03: Value sales contribution | Nielsen Retail Census 2012

Enjoying this fierce competition, In July 2015, 7-Eleven - the brand with the largest number convenience stores in the world has announced officially entered the 13th most populous market in the world - Vietnam. As planned, the first store will open in Ho Chi Minh City in 2017, three years later, the number of stores will be elevated to 100 and within 10 years, the number of stores was 1,000. Vietnam's dynamic retail market will attract more and more numerous global and regional multinational retail giants.

III. THE OPPORTUNITIES AND CHALLENGES OF VIETNAM'S CONVENIENCE STORES

Factors affect to Vietnam's retail market in general and convenience stores in particular

Vietnam owns young population with the increasing disposable incomes, rapid urbanization and rising living standards, other potential conditions. However, the domination of convenience stores cannot be happened in Vietnam as Taiwan's perspective. Because of some factors affecting such as: Society; Economy; Politics; Customer behavior...

Economy: Economic growth rates, inflation, consumer price index, these factors also impact to the average income. Economic growth continuously bring higher income consumer and better the purchasing power. With a population of over 7 million people, an urbanization rate of 43% and a GDP per capita of over US$2.50014, Hanoi is widely regarded as one of the key high potential retail markets in Vietnam. With a population of approximately 8 million people, an urbanization rate of 82.5% and a GDP per capita of over US$2.50018, Ho Chi Minh City has witnessed a healthy increase in retail sales (Deloitte, 2014) [3]. Its optimistic outlook has also been bolstered by strong retail sales of data from convenience store, but the inflation, consumer price index are also affect to customer's purchasing decision.

Society: Vietnam has more than 90 million people with fast speed of population growth, young population structure and working age population are accounted for 69.8% (Wikipedia, 2016) [7]. This means that the demand for essential goods will increase. Especially when the comprehensive integration process is going on, people start getting used to the new shopping behavior and finding many kinds of demand in one placement. However, the different distribution population between rural and urban areas also creates challenges for the retailers when deciding to expand the convenience store chains.

Politics: The political stabilization and open foreign policies are also attracted investments in Viet Nam market. Internationalization trade agreement: WTO, TPP (Trans-Pacific Partnership), FTAs (Free Trade Agreements), ENT (Economic Needs Test) Although the government continues to exercise control over retailing, the sector has been liberalized under the conditions of Vietnam’s membership under WTO and other trade agreements. Nevertheless, any given change in the regulations and/or policies of the government with regard to the retail sector will bring both opportunities and challenges to retailers (Deloitte, 2014) [3].

The opportunities for developing the convenience store chains in Vietnam

Young population: The structure of the young population is a great advantage for the retail market. Young people modernly like shopping at the modern places and utility, especially they spend aggressively. This will spur the demand for greater choice in various products, different brands, and product categories. The trend of population will be predicted increasingly from approximately 92.3 million in 2016 to 93.2 million people in 2017 (Economist Intelligence Unit, 2014)[3]. The customer's opinion has been changing day by day. They pay more attention to quality, brand and appreciate the convenience, 36% of respondents consider the convenience is the most important factor in purchasing decision, then the quality and brand, especially for fresh foods and essential goods. This is a great opportunity for the convenience stores.

Urbanization: According to a draft national urban development program proposed by the Ministry of Construction, Vietnam achieve an urbanization rate of

35,7% with 787 urban areas by 2015. This is expected to increase to 36.8% by 2016 and improve to 45% with nearly 940 urban areas by 2020. With increasing urbanization, the retail investors will have greater chances to extend its reach into previously untapped markets as rural areas. However, this is also difficult to distribute convenience store chains around Vietnam.

Consumer income increases: Income decides the consumer's purchasing power, thus the more increasing income the more opportunities for business and convenience stores. Rising incomes mean the purchasing power will be increased. In the last decade, the disposable income in Vietnam has increased significantly, and is expected grow continuously. According to Economist Intelligence Unit report about Vietnam's total personal disposable income and total household consumption, 2008 - 2017F, Vietnam has a total personal disposable income of US $154 billion and total consumer expenditures of US $ 137 billion in 2015. The increase in income will lead to a subsequent rise in purchasing power and growth in consumer retail spending.

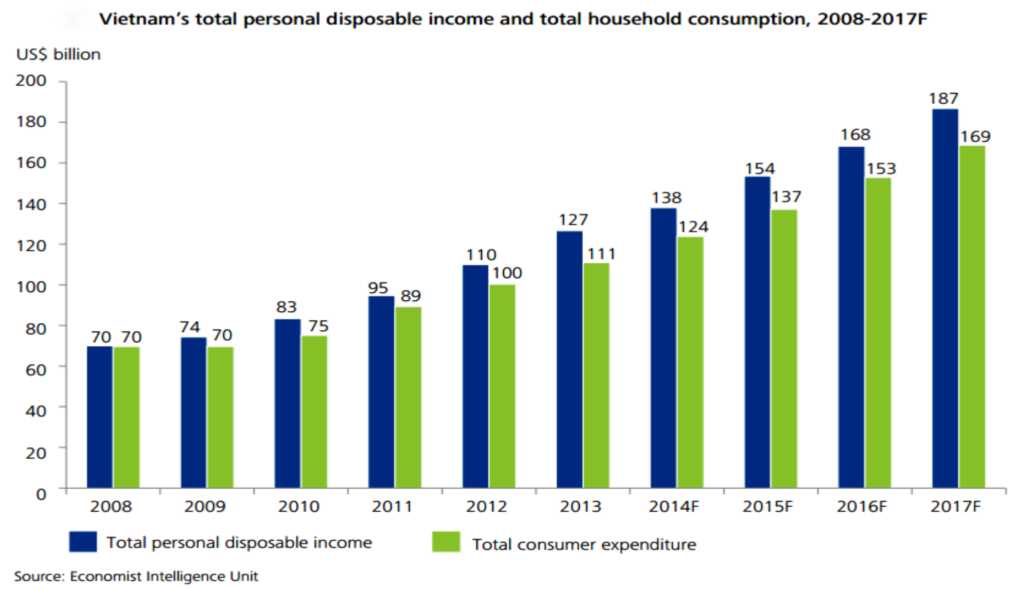

Table 04: Vietnam's total personal disposable income and total household consumption, 2008 – 2017F | Economist Intelligence Unit

Moreover, The consultant of retail market identify some opportunities can be observed such as the space of market, the customer's attention on explicit of food resource and food safety, the convenient criteria will be preferred by the consumer...The traditional distribution channels do not commit qualification and develop spontaneously, the modern distribution channels such as supermarkets, hypermarkets ... needs large investments and ground. Therefore, this is an opportunity for convenience stores to fill the gaps in the current retail market. Besides, in the present, people also want to save time and prefer services integrated, convenience stores are appreciated with their utility and nearly space. At the end of 2012, Vietnam has about 125,000 new cases of cancer in Vietnam every year and over 73 percent of them die, one of the highest rates in the world (Cancerindex.org, 2012)[8]. It gives the serious warning for people in Vietnam. Customers orient their attention to the resource of products. The process management of import and export in convenience stores is tight and followed the criteria for ensuring food safety. This has resulted in a preference for foreign goods, as Vietnamese consumers afraid of less quality products from wet market or groceries. Although products are provided from convenience stores not totally perfect for health, the consumers can believe in the professional process management in importing and supplying goods. The government can control and prosecute of criminal responsibility to the stores which do not guarantee food safety index.

Legal policies: Any given change in the policies of Vietnam's government will bring both opportunities and challenges to retailers. Under the WTO agreement, Vietnam allows businesses with 100% foreign capital will be set up from January 2015. It leads to the entrance of more and more foreign retail outlets such as 7- Eleven has already signed contract to open convenience store chain in Vietnam from July 2015. Another internationalization trade agreement such as TPP (Trans-Pacific Partnership), FTAs (Free Trade Agreements), ENT (Economic Needs Test), they support many opportunities for global and regional multinational retail giants entering Vietnam market. Moreover, they also create intense competitive between foreign retailers and internal retailers.

The challenges for developing the convenience store chains in Vietnam

Customer behavior: The Vietnamese consumer is prudent, prefer to save money rather than spend. Vietnamese customers still prefer to shop in the wet markets and grocery stores which called traditional trade outlets. As a behavior, every early morning, they would like to go to small market and choosing some fresh foods for each meal and homemade cooking. People rarely go out at night because of safety concern. Convenience stores can be opened 24 hours which is considered a strategy marketing of convenience store chains in Taiwan. However, in Vietnam it wastes the fixed cost and labor. Vietnamese consumers are interested in being served instead of self - serviced, they also prefer heated food rather than fast food so that they like eating on the sidewalk kiosks or the restaurant rather than in convenience stores. Some inherent behaviors make troubles to the retailers when they have planning to open convenience stores in some placements.

Price: Vietnam's GDP per capita in 2014 reached $2.052, 21 times compared to 1990. However, it is considered equivalent of the average Malaysia's GDP in 1988, Thailand's GDP in 1993, Indonesia's GDP in 2008 and Philippines GDP in 2010. In 2014, Vietnam's GDP per capita is compared to Indonesia only 3/5; 2/5 with Thailand and 1/27 compared to Singapore. (Vietnam General Statistic Office, 2015)[9]. Despite its rapid development, Vietnam's GDP per capita (purchasing power parity) remains lower than many of its counterparts in Southeast Asia. It makes the consumers tighten their belts and decrease expenditures. They become more price - sensitive and prefer to purchase reasonably priced products instead of premium items. Pricing has also been ranked as the most important factor for purchasing decision. Available products in convenience stores are considered with higher price rather than in wet market or groceries. That is a headache issue which the convenience store owners must compute between cost and benefit to compare with the groceries.

Market share and competition problem: Vietnam's retail market has many types of different retail business and the convenience stores must militant with the other competitors such as: supermarkets, hypermarkets, commercial centers, grocery stores, wet market ... the development of other retail distribution channels also impact to the operation of convenience stores. However, the big challenge for setting up the convenience store chains in Vietnam, there are many groceries spread every corners. Consumers do not need go too far to buy essential products while the price is cheaper if they buy it in one grocery near by. It's the reason why the convenience stores failed at the first landings in Vietnam 10 years ago.

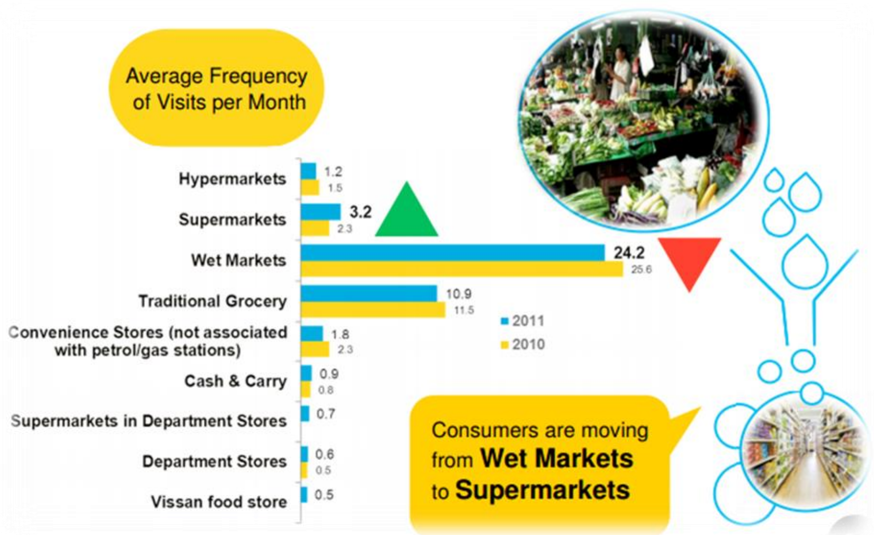

Table 05: Vietnam's retail distribution channels | Nielsen Shopper Trends 2012

Legal formalities and trade barriers: Some legal policies are agreed to allow the foreign retailers enter the Vietnam market and set up their first retail outlets with relative ease. However, the opening of subsequent convenience store chains requires the permission of the local departments of industry and trade. The second store can be opened or not which must base on a set of considerations to get the license. The global retail brands 7-eleven currently has 56 400 worldwide. 7-eleven starts to set up in Viet Nam from 2009, but until July 2015 it is reality. This also marks the appeal of the Vietnamese retail market for major brands around the world. On the other hand, Vietnam government has maintained this mechanism as a necessary measure to protect the interests of domestic retailers against foreign competition.

Scientific and technical platform, unsustainable economy: Actually, the retail industry such as convenience store chains is a technology-intensive industry. Retail technology not only includes the traditional sense of the IT- technology, but also includes commodity management, marketing, technology, location technology, personnel management arrangements, operation systems, inventory management, etc. That is the reason why the scientific and technical platform is important to developing convenience store chains and integrating E-commercial into providing services. Convenience stores is a modern type of business, suitable for being located in where has civilized lifestyles, modern and dynamic. In Vietnam, there are many troubles to expand the convenience store chains such as lack of scientific and technical platform, unsustainable economy, low - living standard, high inflation rates, low GDP per capita...

IV. THE SUCCESSFUL LESSONS FROM THE CONVENIENCE STORE CHAINS IN TAIWAN

Over the past 50 years, Taiwan economy had an intense transformation from agriculture-based into an industrial national. Certainly, getting great successful as now, Taiwan has gone through and overcome the challenges which Vietnam is experiencing at the present time. As a Canada's report about grocery retail trends in Taiwan identified: In May 1986, the government passed the “Service Industry Foreign Investment Capital Liberalization Measure” meaning there were no longer any limits on the type of retailer, the number of outlets, scale or capital investment. This move by the government brought many foreign operators into Taiwan quickly, which led to this sector being one of the most developed and modernized in Asia. (Agriculture and Agri-food Canada, 2013)[1]. Prior to the liberalization, mom-and-pop shops (grocery stores) were the dominant retailers. However, in the intense competition between grocery stores and convenience stores, several years later, the convenience store chains has marked the success of the modern market by spreading every corner.

According to the Taiwan Chain Store Almanac 2014, Taiwan has the highest store density of any other market, with over 10,000 stores throughout the country, or one store per 2,300 people (Taiwan Chain Store Almanac, 2014)[2]. Beside the judicious decision of Taiwan government, the convenience store chains have also had their own marketing strategies to dominate the market. 7- Eleven is highly appreciated as a case-study to learn from.

Profile of Major Convenience Stores in Taiwan
2013

Name	Ownership	Sales US$ million (Growth Rate)	Number of Outlets	Locations	Purchasing Agent Type
7-Eleven	Taiwan	4,233 (1.79%)	4,992	Nationwide	Direct, importer, wholesaler, agent
Family Mart	Taiwan	1,733 (5.13%)	2,914	Nationwide	Direct, importer, wholesaler, agent
Hi-Life	Taiwan	676 (0.62%)	1,295	Nationwide	Direct, importer, wholesaler, agent
OK Mart	Taiwan	389 (-0.47%)	880	Nationwide	Direct, importer, wholesaler, agent

Source: Taiwan Chain Store Almanac 2014
China Credit Information Service – 2014 Top 5,000 Corporations in Taiwan

Table 06: Profile of major convenience stores in Taiwan 2013| Taiwan Chain Store Almanac 2014

4.1 Success in different Franchise strategy: Owner Strategy

In Taiwan, 7-Eleven is owned by President Chain Store Corporation under Uni-President Enterprises Corporation. The first 7-Eleven in Taiwan opened in 1980 with 27 stores and the sale of this year was just only NTD 1.2 billion. Although 7-Eleven grew 62 stores in 1984, the sale still did not improve a lot, and 33 stores had been closed in this year (Lu and Luo, 2010)[10]. Until now, 7-Eleven is the most popular convenience store in Taiwan, with 4,992 stores as at the end of 2013 and more than 5,000 stores in 2015. Uni-President Enterprises Corporation is an international food conglomerate based in Taiwan. It is the largest food production company in Taiwan, as well as Asia. Uni-President has a significant market share in dairy products, foods and snacks, and the beverages market. It is also responsible for running Starbucks, Mister Donut and Carrefour in Taiwan. In addition, Uni-President has operations in Canada, China, Thailand, Vietnam, and the United States.(Cindy Chang, 2014)[2].

Both Seven-Eleven and Family Mart share the same goal. They recognize that convenience store chains should serve consumers and should abide by such values as convenience, speed, simplicity, cleanliness, safety and security. Moreover they consider franchising to be the best way of familiarizing customers with convenience store chains. However they follow different strategies for realizing their ambitions. Family Mart’s strategy for internationalization is to establish a joint venture with local capital holding the minority of the stock. Family Mart instructs its partner in the concepts, systems and know-how of convenience store chains management and together, the two partners accommodate these aspects to local conditions. Once the business base is consolidated, Family Mart entrusts management of the joint venture to its partner. Family Mart has adopted a team management strategy while Seven-Eleven has chosen a managing- alone strategy.

Seven-Eleven has a strong confidence in its business model which has been constructed and produced remarkable performance in Japanese Market. Therefore, it preferred managing the subsidiary alone based on the model to modifying the model in cooperation with other firms (Yukihiro Sato, 2007)[11]. According to Franchise.7-eleven.com, with owner strategy in franchise, 7- Eleven respects owner model for each franchise based on the maximum supporting. As a new 7‑Eleven Franchisee, becoming a part of a great brand that’ s known and loved around the world with more than 56,000 stores located in 17 different countries around the world. The 7- Eleven franchisee will be taken care of real estate, zoning, store build-out and equipment installation. Throughout the entire process, 7-Eleven franchisee will be answered all questions, offered advice and supported maximum in the franchise journey. A 7‑Eleven Field Consultant will provide advice for regarding the day-to-day details and challenges you face in running your business (Franchise.7-eleven.com, 2016)[12]. A lesson can learned from 7- Eleven's supreme strategy is absolutely franchise model with owner strategy and professional process, parallel to the maximum supporting from the mother company throughout franchise process.

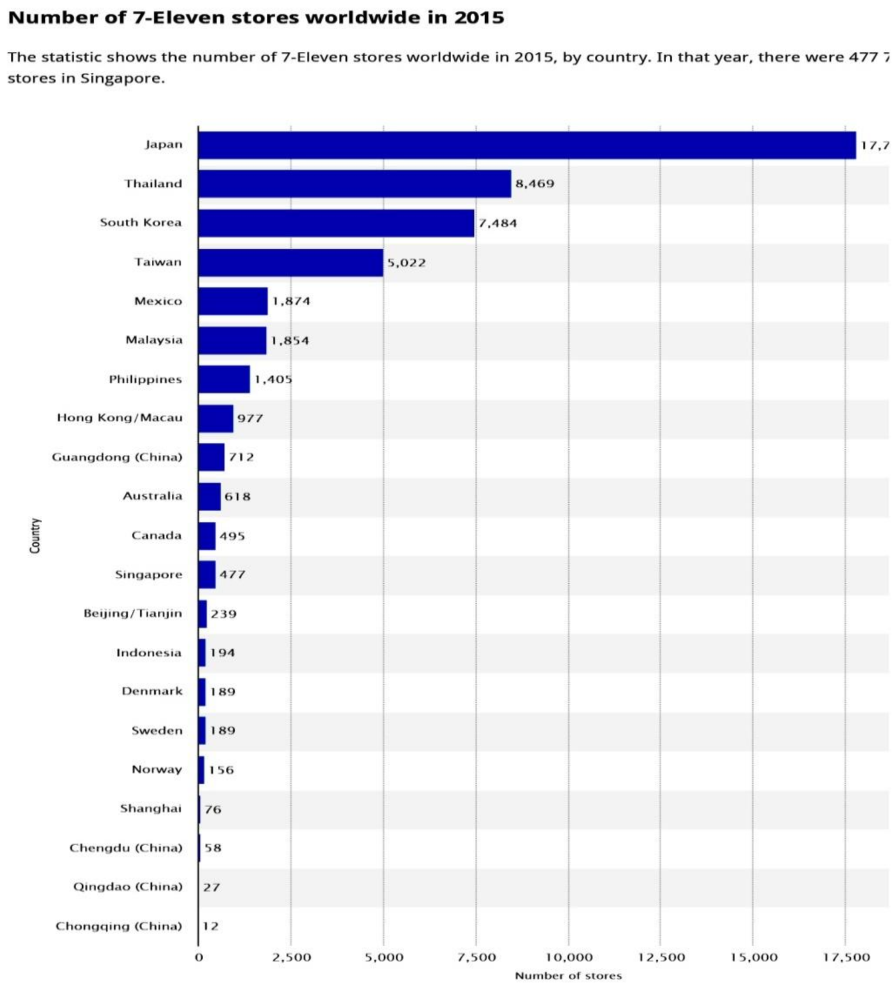

Table 07: Number of 7Eleven stores worldwide 2015, by country | Statistic.

4.2 Human Resource Management

Four main perspectives on human resource strategy are reminded in the literature. The design perspective is basic and the most important one. The processes and change perspective makes human resource as professional agents. The increasing important view of a market and evolution let human resource strategy play a role in cost reduction. The embedded system perspective pays attention to how human resource strategy is applied in business systems. (Martin & Hetrick 2006,170) [13].

According to the Annual Report of 7- Eleven President Chain Store Corporation was published through Taiwan Stock Exchange Market Observation Post System: 7-Eleven provides programs to develop a full-range of skills. In addition to internal training, the company also participates in external training programs to further upgrade employee skills and competitiveness. The diverse programs include lectures, events, group studies, and discussions designed specifically with the type of course and student in mind, so learning can be more alive, vivid, and effective. The online e-learning programs allow employees to learn effectively at their convenience (Taiwan Stock Exchange Market Observation Post System, 2013) [14].

7- Eleven Corporation training system in 2012 was as follows:

Internal Training by Operation Department				Internal Training by Logistics Department				External Training			Online Training	
Training Sessions	Number of Trainees	Hours of Training	Training Expense	Training Sessions	Number of Trainees	Hours of Training	Training Expense	Number of Trainees	Hours of Training	Training Expense	Number of Trainees	Hours of Training
2,533	48,164	358,792	NT$52,271,000	356	26,209	144,730	NT$50,451,000	305	2,728	NT$1,058,000	107,686	19,090

Table 08: 7- Eleven Corporation Training Expense, Annual Report in 2012

Staff training and evaluation are also the important part of 7-Eleven's internal management. 7-Eleven has three training center in Taiwan such as Taipei, Taichung, and Kaohsiung, where trains the new staff's knowledge, attitude, skills, and abilities. "The new staffs take training classes for the first four and a half day and one left to do retail sales practice" (Chen, 2006) [15]. In addition, "7-Eleven training materials are renewed in every six months" which we can see 7-Eleven changes their management manual depends on the society condition or people's need. As to managers' training and evaluation of promotions, "the 80% to 90% of 7-Eleven's senior management employees were raised from the basic unit staff to be promoted" (Chen, 2006).

For example, if a graduate college has performed well in the basic unit staff, he will be the vice manager in three years (Chen, 2006). Employing people in the promoting way, which can maintain stable management, decrease employees' fluidity. The workers done need to worry about their future at the same time training rich experience staff workers (Yuko Matsumuro, 2015)[11].

4.3 Marketing Strategy

Market Research: Market research is an important key to help 7- Eleven dominate Taiwan's convenience store market. Success in 17 different countries around the world, the number also shows the respectable capacity of 7- Eleven in researching market. They not only focus on national characteristics and customers behavior but also concentrate on consumer trends to develop high-quality products and innovative services that fulfill all our customers' needs. Market research is used to appreciate placement whenever 7 - Eleven has a plan to open a new store. 7 - Eleven also research what kind of solution to reduce expense and increase benefit both customers and corporation. Moreover, the central construction is also one of 7-Eleven's geographical strategies. It will consider four major effects from central construction that is decreasing the budget of advertising, increasing the image of the business, being controlled better and the quality would be better, and increasing the efficiency of delivery and decrease the amount of money and time spend on it (Chen, 2006)[15]. The residential area is more stable for stores' profit. 7-Eleven always set in the consumers' daily routes such as on the way of going to the work or school, parks and always investigate the market deeply, to control usefully the business operation.

Brand strategy: In its international expansion, the 7-Eleven is an enormous commercial success in Taiwan. When the company first enter into Taiwan, it franchise deal with the biggest local food conglomerate PCSC. This is a good trial because that local company had sufficient money and experience in Taiwan (Siyu Zhang, 2010)[16]. Although 7 - Eleven franchise with the owner strategy, the corporate really pays attention to brand name. The company took the standardization of business format, including the logo, location, store's layout and merchandising. Standardization can improve brand identify. Furthermore, as a retail brand, the company use the franchising route can lessen capital outflow and shorten managerial time spent in monitoring operation (Siyu Zhang, 2010)[16]. It's an intelligent strategy to expand 7- Eleven brand all over the world.

Short-term operating strategy and Long-term business development plan: According to the Annual Report of 7- Eleven 2012 [14], 7- Eleven sets up the short-term operating strategy including: (1) Continue to integrate stores into existing shopping districts and establish a competitive niche with large format stores. (2) Strengthen individual store autonomy to create advantages through differentiation. (3) Further integrate virtual and brick and mortar operations to create more virtual and service business. (4) Improve operating efficiency. On the other hand, the long-term business development plan includes: (1) Implement high-value marketing and successfully differentiate ourselves from the competition. (2) Implement a low-cost business model to reduce operating expenses. (3) Establish a franchise model enabling sustainable operations. (4) Integrate the Group's varied resources and seek stable profits. (5) Hasten the development of a workforce with comprehensive skills.

4.4 Ecommerce shopping stimulation and Service convenience

Ecommerce shopping stimulation: 7 - Eleven convenience stores offer value-added services by taking advantage of the latest digital technology and offering their services and customer promotions via mobile phones, laptops and home computers. Paying any kind of bills and buying tickets. Utility bills (electricity, gas, water, cell phones, internet) can be paid at any convenience store. Moreover, the online shopping will be stimulated rapidly by ordering and receiving in the nearest 7 - Eleven store. Since 2012, 7- Eleven develops some exceptional services as: QR Code mobile shopping; E-greeting card (create a personalized e-card for a special someone); In-store graphic ordering terminal (GOT - The Company developed a new generation of ordering terminals to ensure stores have enough information to make correct and efficient orders, which will result in less waste). Enjoying with 7-WiFi with unlimited data, 7- Eleven is considered to lead the competition and have attracted many new customers. In 2012, a total of NT$189,583,000 was spent on R&D and system upgrades. (The Annual Report, 2012) [14].

Convenience Services: In addition to focus on a high - quality store network and increasing sale point with distinct retail formats in Taiwan, 7- Eleven also scores with integrating services convenience to allow customers shopping more flexible. Stores open 24 hours every day, free wifi and having an ATM machine to withdraw money. It's very useful for both citizen and foreigners. 7 - Eleven stores also provide photocopy service as well as faxes and photo development. Specially, there are so many kinds of food, beverage, newspaper, magazines and other sundries...Saving time and convenient shopping are becoming trends in the developing country.

After the research of 7-Eleven which is considered as the most successful convenience store in Taiwan, the core values can be learned from 7- Eleven such as: The difference in franchise strategy - owner strategy with devoted supporting from 7-Eleven Corporation; The detailed internal business management and human resource management make the employees understand their responsibilities which increase the efficiency of each stores. Moreover, 7- Eleven judiciously invest developing E-commerce and IT platform to stimulate shopping. The convenience services are also focused to help customers saving time and having perfect shopping experiences. 7- Eleven is considered as a symbol of success because of it’s marketing strategy. The perfect step of research market has also helped 7-Eleven not only reducing cost but also having strategic competitive positions with beautiful frontage. Brand strategy, promotion policies, short-term operating strategy and long-term business development plan are clearly prepared step by step. It is a tightly process which is clearly written in the internal documentation of 7- Eleven. Moreover, the large number and variety of foods and products from Uni-President Enterprise Corporation (UPEC) is also support to the success of 7-Eleven. From 7- Eleven story, the Vietnam retailers will have more sharp observations to prepare for the intense competition of convenience stores in the next several years.

Research about Taiwan's symbol of success 7- Eleven is considered as a special experience, because of analyzing this case-study, the whole picture of Taiwan's retail market will be shown more deeply. This research has an opportunity to explore the secret of success in expanding more than 5,000 convenience store chains around Taiwan. In the final part of this research, the development trend of convenience store in Viet Nam will be discussed. The government supporting, the efforts of internal businesses, the boldly investment from the multinational corporations and foreign enterprises will also be informed. Vietnam retail market is promised to become a destination business for expanding convenience store chains.

V. DISCUSSION ABOUT THE DEVELOPMENT TREND OF CONVENIENCE STORE CHAINS IN VIETNAM

Nielsen report was published to predict convenience stores will play a larger role in retail landscape in the next years. Some documents also said that convenience stores have a flourished developing period in Vietnam. Some remarkable things such as: Vietnam customer behaviors have been changing day by day; High qualified product and food safety are attracted by consumers; The utility criteria and saving time will be preferred; The strongly investment from giant foreign retailers; The intense competition of local enterprises in developing convenience stores will make Vietnam's retail market more dynamic. More supporting from the government's policies and the international agreements effect will create some positive changes for expanding convenience store brands in Vietnam. This research will analyze these arguments more clearly with specific data collected.

Vietnamese shopping behaviors have change, the utility criteria and saving time will be appreciated. This is positive signal for developing convenience store chains. They trend to get everything in one store, "convenience is not a store front, but rather a way of life" said Mr. Vaughan Ryan, Managing Director of Nielsen Vietnam. Consumers are increasingly demanding products and solutions that help them in their increasingly busy life. "As a result we will see the emergence of both the convenience channel and e-commerce in Vietnam, to meet this consumer demand" he said. Wet markets and traditional trade stores, meanwhile, remain the preferred retail channels for Vietnamese shoppers, according to the report. These traditional areas of shopping, however, are under threat as consumers shift away from them, with both declining in 2014 compared to 2012, at 5% and 17%, respectively. Visit frequency also fell. "In order to address these shifts, retailers must deepen their understanding of this evolving shopper behavior, foresee changing needs, and develop strategies that are focused on differentiation in areas that matter most to shoppers" the report said (Thu Hoang, 2015)[17]. The market share of traditional trade will be predict to continuously decrease reach to 43% in 2020 according to the Nielsen Retail Index. Customers prefer shopping in the modern market rather than the traditional market not only in Vietnam but also in every Asia's developing countries. According to Nielsen Retail Index, Share of Packaged FMCG Sales, in 2020, 57% market share of retail market is predicted belong to modern channels, compare to the traditional distribution channels are 43%. (Nielsen Retail Index, 2012)[18].

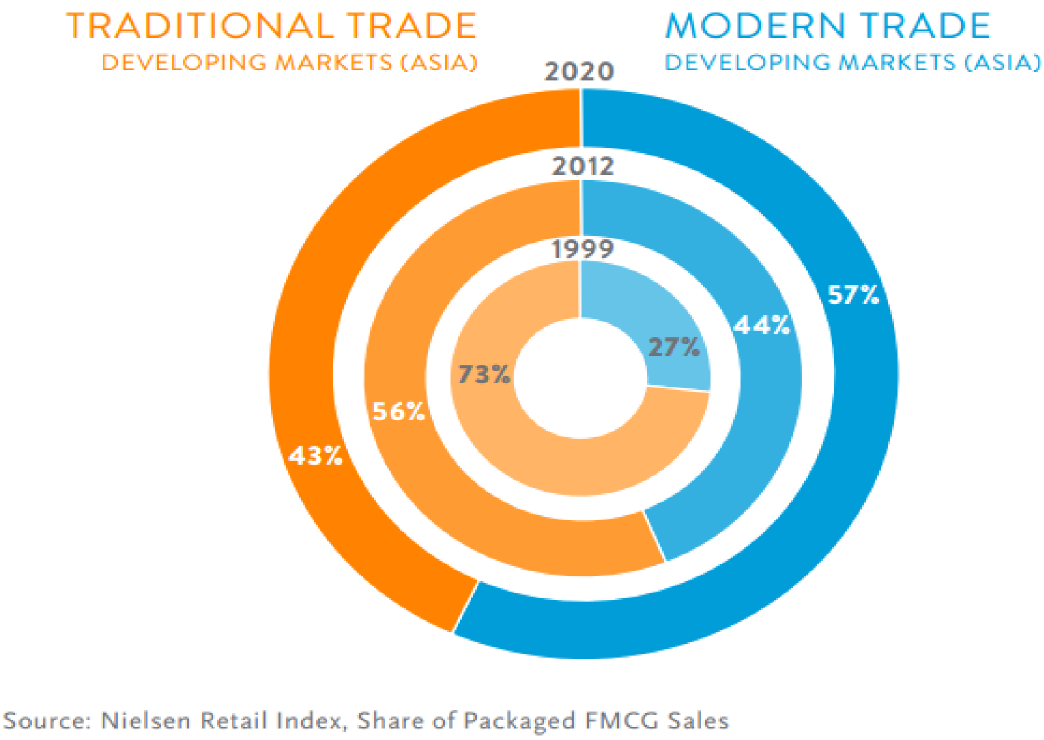

Table 08: Market share | Nielsen Retail Index, 2012

Quality and safety concerns become the first component to decide purchasing. Similar to Japan and South Korea, Vietnam also place a high premium on quality and food safety, but health scares have made the issue even more prominent across the region. Rice noodles contain formaldehyde, banned pesticides in vegetables and fruit, and toxic soy sauce, consumers have become increasingly concerned about health and food safety, and especially so for child health. This has resulted in a preference for foreign goods, as Vietnamese consumers tend to perceive domestic products to be of lesser quality (Deloitte, 2014)[1]. Although products are provided from convenience stores not totally perfect for health, the consumers can believe in the professional process management in importing and supplying goods. The government can control and prosecute of criminal responsibility to the stores which do not guarantee food safety index.

The giant foreign retailers become more confident investment and the intense competition of local enterprises in developing convenience stores will make Vietnam become a dynamic destination. Vietnam's retail and consumer sectors remain small compared to some of its regional neighbors, amounting to retail sales of just US$123 billion in 2018. Nonetheless the market is growing quickly (averaging volume growth of 7.5% over the next five years) and it has been attracting significant investment interest for foreign firms (Deloitte, 2014)[1].

January 2015 marked the first time non-domestic retailers could take full ownership of commercial property in Vietnam, following commitments made to the World Trade Organization. The foreign retailers trend strongly investment in Vietnam retail market. AEON committed to $700 million total investment, including its first openings in Hanoi and expansion in southern Vietnam. EMART invested $60 million in a mall due to open in 2015, with a further $1 billion planned for 52 malls across Vietnam by 2020. $875 million is the value of a deal between retail investment company BJC and leading wholesaler Metro (Anna Hoang, 2015)[19]. This is also a potential signal for expending supermarket, convenience stores and another modern distribution channels. Enjoying this fierce competition, in July 2015, 7-Eleven - the most successful convenience store as a symbol of Taiwan has entered Vietnam market. As planned, the first store will open in Ho Chi Minh City in 2017, three years later, the number of stores will be elevated to 100 and within 10 years, the number of stores was 1,000.

On the other hand, the internal enterprises have also intense competitions with the experience players. VinPro has aggressively penetrated grocery retailers with over 100 convenience stores in 2015. In the meantime, other perennial players namely Phu Thai Group, Saigon Union of Trading Cooperatives and Family Co Ltd continue to expand their distribution coverage. As a result, the number convenience stores has been dramatically boosted to record more than 850 outlets in 2015, presenting a significant growth rate of 40%, which makes it the fastest growing category within grocery retailers (Euromonitor International, 2016) [20].

The government supporting and international agreements also impact to the development trend of convenience store chains in Viet Nam. According to the planning of the Ministry of Industry and Trade, until 2020 Vietnam will have about 1200-1500 supermarkets, 180 commercial centers and 157 shopping centers (Vietnam Trade Promotion Agency, 2015)[21]. The numbers are shown that Vietnam's retail arena is likely to witness intensified competition and become potentially. Moreover, some new trade agreements with Japan, Korea and the other countries that make up the Association of South-East Asian Nations (ASEAN) look set to support further growth for international retailers in Vietnam (Euromonitor International, 2016)[20]. In the future, the more facility opportunities, the more increasing convenience stores can get.

E-commerce and services convenient integration become the new trend of Vietnam market. Taiwan is successful in applying E-commerce and IT platform into shopping, some exceptional services are used such as: QR Code mobile shopping; E-greeting card; In-store graphic ordering terminal (GOT); customer card...Viet Nam is also on the way to update this trend and apply E-commerce into improving customer's purchases. Saigon Union of Trading Cooperatives has secured its leading position with a 2% value share in 2015. The company continues to launch new stores across the country to reinforce its dominant status in the channel. Furthermore, the leading player has also introduced the new Co.opMart app for Android platforms to help loyal customers manage their reward points and keep them informed about the latest promotions in all Co.opMart stores in Vietnam (Euromonitor International, 2016) [20].

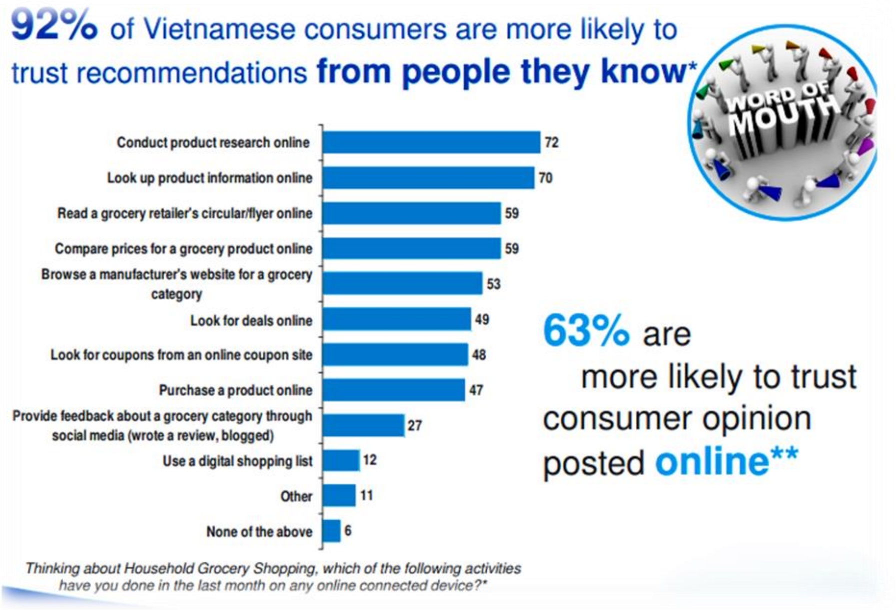

Table 09: Customers Purchasing Behavior| Nielsen Retail Index, 2012

VI. CONCLUSION

Originating from the first exciting experience to arrive in Taiwan: 7-Eleven is everywhere, this strongly motivate the author to research about Taiwan retail market and the secret of 7-Eleven's success. Furthermore, a giant issue always haunts me during the time research while Taiwan fast caught up with the consumption shifting trend from the traditional market to the modern market, in Viet Nam what still going on? Vietnam's retail market is chaotic with the fierce competition of the various retail channels. Immediately, convenience stores are chosen as a highlight to analyze and 7-Eleven is a specific case-study. All the research process shows that the comprehensive overview of Taiwan and Viet Nam retail market are drawn by some collected data. From this, the stormy development of Taiwan convenience stores is considered as an important remark. During analyzing 7-Eleven case-study to get deepest observation about what strategies make 7-Eleven successful, the core values have been learned to apply in Vietnam. The opportunities and challenges of developing convenience store chains in Viet Nam are also discussed. Although there are many supporting components to the retailers, the convenience store cannot expand widely in this year. Economic growth rates, inflation, consumer price index, culture, behaviors, legal policies, fledgling infrastructure...are absolutely factors effect to convenience stores development. However, looking ahead some data collection in several years about the trend of Vietnam retail market, this research not only appreciates the potential signal but also believe in consumer perspective changing from the groceries to convenience stores. Vietnam has more than 90 million people with fast speed population growth will become an attractive retail destination. This research is realistic outlook for the foreign retailers or internal enterprises who can consult and get the first view before investing convenience store chains in Vietnam.

Limitation of research and recommendation for future: The scarce literature on Vietnam convenience stores and their competitiveness in the Viet Nam context are the limitation of this research from finding the relevant theoretical information. However, literature reviews and case-study analysis are also support to complete the research arguments. Furthermore, the suggestion to develop convenience store should be discussed in the next study. Giving solutions must deeply understand about how to operate a convenience store and be sensitive to every changes of Vietnam retail market. That is reason why in the scope of this research, the author cannot provide the solution to expanding the convenience store chains in Viet Nam. Moreover, incisively interviews should be applied in the future research to get the different opinion about the trend of developing convenience store in Viet Nam. It will help the study more diversified and objective.

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