Bringing Convenience to Emerging Markets

NEC’s experience in supporting convenience store chains in Japan is now being applied to retail enterprises in the Asia-Pacific region.

In Japan, convenience stores are a part of everyday life, thanks to factors such as the concentration of population in urban areas, high living standards, and an urban lifestyle that encourages round-the-clock shopping habits. The retail landscape has moved away from the large department stores and supermarket chains towards these smaller stores, seen prominently on every corner (more than 50,000 stores, such as 7-Eleven, Lawson, and Family Mart). These stores have evolved from simple 24-hour retail outlets to provide a wealth of services over and above the provision of everyday goods; for example, ATM services, post office services, and delivery services. Behind this change lies an impressive IT infrastructure.

Shoppers can find what they need—when they need it.

The operators of Japan’s leading convenience store chains have benefitted from NEC’s expertise and knowledge. The provision of IT infrastructure by NEC, incorporating custom solutions tailored to meet individual operators’ specific needs, has contributed significantly to their development and subsequent success.

This experience of supporting Japanese convenience retailers has helped the company develop a packaged software solution – DCMStar/ChainStore. Using this standardized system, even companies launching a convenience store chain as a new business are able to start operations rapidly and easily. Up-to-the-minute inventory control allows headquarters to keep the branches supplied with the exact products that are needed, allowing everyday operations to be conducted more efficiently and profitably.

In a fast-moving business such as the management of a convenience store chain, up-to-the-minute information is vital. DCMStar/ChainStore provides managers with such information on sales, and helps to build up and expand chain development.

Helping to build the customer base

Promotions, point programs and private e-money payment systems can all help to build customer loyalty. DCMStar has the capability to implement and manage these and other CRM-related systems, and NEC’s (EMS) Integrated (i) Money Solution helps to further enhance customers’ purchasing experience, including the use of technology such as NEC Near Field Communication terminals to read cards or suitably equipped mobile phones.

Takayuki Inaba, the Senior Expert of NEC’s Global Retail Solutions Division, comments that “Japan is probably the most advanced country in the world when it comes to the operation of convenience stores, and can act as a model for other regions.” Japanese stores have pioneered the in-store collection of customer demographics and purchasing habits, with clerks ringing up the customer’s gender and estimated age on the NEC POS terminals at checkout time. This can help store managers to know the e-money and loyalty programs noted above to collect additional data, and track customers’ purchasing history for promotions, merchandising and development of own-brand products.

Asian shopping habits are changing—fast

Inaba adds that the change from “traditional” to “convenience” retailing took 90 years in the U.S., but in Japan the transition took only half that time. “In China and other Asian markets, through the move is taking place in a mere 20 years,” he says, “but Japan’s experience is there to help these expanding markets grow. You might even say we’re entering a Golden Age for convenience stores in Asia.” With that in mind, NEC has established a Regional Retail Business Support Center in the Asia-Pacific region. Based in Kuala Lumpur, the center provides support for NEC’s local subsidiaries and partners, with software packages, training programs, technical support, and other related services. Says Inaba, “We are able to act as a one-stop shop, with full LCM (Life-Cycle Management) capacity, providing our leading-edge hardware to support retail operations, proven applications and, perhaps most importantly, the support and maintenance to keep the systems running. We are more than just a hardware vendor—where necessary, we become a strategic partner with the retail chains, working alongside them.”

Naturally, working in multiple Asian countries produces its own set of challenges. For example, software localization must be carried out in a variety of languages and scripts. There is no “one-size-fits-all” model, either for customers or for regions. NEC’s Retail Solutions Division is a bottom-up approach, since our experience shows customer contact and the collection of relevant connected data is key business element. This puts store managers and franchisees in control of their operations, making the whole of the chain more responsive and profitable.

The next steps

Once these management systems are in place, NEC can add further advanced

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