The Study of Inter-firm Market Orientation in the Retail industry:

The case study of Seven-Eleven in Thailand

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Abstract

The uncertainty in global expansion of retailing firms is intensified by the changing landscape of environment, such as political forces, economic climate and cultural issues, (Salmon and Todjman 1989; Treadgold 1998), companies have to devise strategies to respond promptly to the diverse needs of customers and become market-oriented. Hence, market orientation is regarded extremely significant when designing marketing strategies (Deshpande and Farley 1998; Deshpande et al. 1993; Kohli and Jaworski 1990; Narver and Slater 1990). However, the study in market orientation and its impact on international activities of retailing firms has not been fully explored. This paper aims to explore inter-firm market orientation while entering emerging market. The case study of Seven-Eleven in Thailand is explored. Ten face-to-face semi structure interviews were conducted with senior and middle managers at Seven-Eleven in Thailand. This case study founded that the evidence of inter-firm market orientation demonstrates that by gathering customer information and disseminate information in order to respond to customer’s needs (Kohli and Jaworski 1990).

Keywords: Market Orientation, Inter-firm Market Orientation, International Retailing, Seven-Eleven.
INTRODUCTION

The increasing trend of retailing operations becomes more internationalized has been observed. American and European firms have been at the forefront of this development. The twenty largest retail companies the year 2000 included ten American, nine European and one Japanese companies (Deloitte and Touche Tomasu 2002). In other words, retailing firms have been exceptionally active in launching their operations in foreign countries and acquiring new markets (Rogers et al. 2005). Brown and Burt (1992) explained this phenomenon that due to fierce competition, retailers are obliged to find new ways to develop new markets and expand their business (Brown and Burt 1992).

The uncertainty in global expansion of retailing firms is intensified by the changing landscape of environment, such as political forces, economic climate and cultural issues, (Salmon and Todjman 1989; Treadgold 1998), companies have to devise strategies to respond promptly to the diverse needs of customers and become market-oriented. Hence, market orientation is regarded extremely significant when designing marketing strategies (Deshpande and Farley 1998; Deshpande et al. 1993; Kohli and Jaworski 1990; Narver and Slater 1990). However, the existing academic literatures on retailing firms are largely concentrated on how major retailing companies accomplish in expanding geographically and which strategies they employ while entering overseas markets (Whitehead 1992). The study in market orientation and its impact on international activities of retailing firms has not been fully explored. Therefore, in this study, we seek to explore the following research questions:

1) How do retailers use inter-firm market orientation while entering foreign market, especially in emerging markets?

2) How does networking and relationship building influence the success of international operations of retailers?
The study will focus on case studies of Seven Eleven in Thailand, one of the emerging markets in Southeast Asian region. Many international retailers have penetrated into Thai market, but not all of them have managed to stay successful in the market.

**LITERATURE REVIEW**

**Market Orientation**

A major work by Kacker (1986) indicated a direction shift of retailing sector towards a more international setting. This has notably affected the way that the retail sector carries out their businesses, consequently. Williams (1992) observed that impediments to internationalization, such as: resources scarcity or deficiency of management knowledge, local competition, difficulties in operations and government policy, can be prevailed over with an exploitation of international opportunities through market orientation activities. Market orientation was clarified as all activities in relations to attaining information of customers and competitors from the target market, alongside to distributing it throughout the organization to formulate responsive strategies for value creation to customers (Narver and Slater 1990). Lado and Maydeu-Olivares (1998, p. 26) describe market orientation as ‘a strategy used to reach a sustainable competitive advantage . . . [through] the use of resources and capabilities . . . [and] complex organizational knowledge’. In other words, market orientation is concerning fulfilling, satisfying and responding to the needs of the market through an enhanced knowledge and intelligence, which include those of intermediate and end customers, competitors and the macro-environment (Lado and Maydeu-Olivares 1998). Market orientation leads to competitive advantage, differentiated position in the market, brand loyalty, higher performance and success subsequently (Lado and Maydeu-Olivares
1998; Jaworski and Kohli 1993). Therefore, market orientation has been regarded as the ‘cornerstone’ of marketing (Kohli and Jaworski 1990; Appiah-Adu 1998).

Kohli and Jaworski (1990) suggested the three basic steps of market orientation as follows (see figure 1):

i) *Intelligence generation* - refers particularly to the collecting of market intelligence. It comprises environmental scanning and research into customers’ needs and trends, the monitoring of government policies and regulations, competition, industry-level developments, or technology.

ii) *Intelligence dissemination* – means to communicate market intelligence to all or relevant departments within the company through various communication means, for example, newsletters, memo, intranet, meeting and discussions.

iii) *Responsiveness* - refers to any actions or strategies developed to respond to the intelligence gathered and dissemination process.

“The Relationship between Market Orientation and Performance

Market orientation has a long-term focus on continuously implementing the three aspects of market orientation (Houston 1986; Kohli and Jaworski 1990). In the long term view, a company can compete with its competitors by continuously finding out and implementing extra value for its customers.

The business performance can be measured by its objective and subjective performance (Harris 2001). The “soft” performance measurement used in market orientation studies includes encouraging the employees’ esprit de corps (Jaworski and Kohli 1993), organizational

Successful business performance relies strongly on the market orientation of the firm. There are several studies that investigate the relationship between market orientation and business performance. They found varying results. Market driven firms achieve better performance (Day 1990; Kohli and Jaworski 1990; Lings 2000) if they recognise the importance of both market orientation and competitive orientation, compared to companies which focus only on one aspect (Day, 1990). Many studies have found that profitability is an outcome of market orientation (Deshpande et al. 1993; Kumar et al. 2011; Narver and Slater 1990; Taghian 2010). Kohli and Jaworski (1990) found that profitability is considered as an outcome of marketing orientation, while Narver and Slater (1990) found that the highest degree of market orientation is related to the highest profitability. Market orientation is described as an important factor in business success. In retail industry, Soehadi et al. (2001) found a positive performance among market-orientated retailers. Retailers who want to develop their performance need to monitor their market orientation regularly.

It has been argued that there is no evidence that market orientation is related to increasing market share (Kohli and Jaworski 1993) but Taghain (2010) present the contradict result and found strong link between market orientation and market share. Kohli and Jaworski (1993) argued that market orientation is efficient only if the benefits gained by the companies outweigh the costs incurred. In some situations, such as dynamic economies, little competition, and stable
market preferences, market orientation might not have an effect on business performance. The summary of market orientation studies is found below (Table 1).

“Insert Table 1 about here”

**Network**

Numerous literatures in internationalization have illustrated on the network approach (Hadjikhani and Ghauri 2001; Johanson and Vahlne 2003), for instance Ghauri and Holstius (1996) introduced a framework of the foreign market entry process, where the matching activity on global, macro and micro levels has led to a business network position in an overseas market. In addition, the interactive nature of business networks has been highlighted by the advancement in the area of opportunity development (Ghauri et al. 2005). Pahlberg and Thilenius (2005) also termed “opportunity development” as an incessant process of continuing relationships to utilize values discovered in the market. From the International Business viewpoint, subsidiary firms of MNE are the essential channels to discover and develop opportunity in an overseas market. As actors participating in business networks in local market, subsidiary firms can supply market knowledge (Pahlberg and Persson 2005). Additionally, research on International Entrepreneurship (IE) gives an explanation to the antecedents of global expansion and the opportunities development of business networks in foreign market (McDougall and Oviatt 2000). However, most existing literatures on international retailing usually study histories and activities of individual firms, retail sectors, store layouts and formats as well as retail concepts exporting from one market to another (Burt 1993; Sternquist 1997; Treadgold 1988). Other studies mostly emphasize on the theories of internationalization in general that do not highlight networking elements and seem to be more suitable for manufacturing companies.
Developing and extending network of relationships is fundamental for a retailer to enter each new market; networks include business partners or suppliers as well as agents in either general or societal level (Elg et al. 2004). A network can be considered as an array of companies that bring together their activities to perform different functions and combine diverse capabilities. This view believes a network as crucial and substantial, intentionally built and managed by the firms’ members; the idea of inter-firm market orientation is, therefore, particularly relevant (Elg 2002). Morgan and Hunt (1994) also explained the positive effect of inter-firm relationships in bringing the firm with diverse competences. Inter-firm market orientation is termed as “the activities that two or more independent companies carry out together to make a network or an individual relationship more sensitive to the demands of the market” (Elg 2002, p. 634). Formal and informal inter-firm market orientation exercises are beneficial to these networks in order to ascertain that latest developments (products and services) correspond with consumer needs (Coviello and Munro 1997).

Relationships with all agents, i.e., customers, suppliers, government and organizations – are therefore constructed through market orientation. Elg and Ghauri (2002) focus on both retail market orientations within organizations and between firms, such as suppliers and competitors. Companies create intelligence by conducting market research to understand what consumers need. Dissemination means communicating that information throughout the organization and between firms by using an information system, and meetings between departments and organizations. Responsiveness means designing an implementation plan, which corresponds to the customers’ needs. Based on the concept of inter-firm market orientation, network activities is unquestionably applicable for retailers’ market orientation since retailers depends on suppliers and other business partners in order to respond to consumers’ needs (Elg 2003). As a retail firm entering a new market, it is thus helpful to partner with local firms to get access to market data.
and information and to make good judgments regarding how to adjust to local consumers’ needs. From this perspective, it can be presumed that inter-firm market orientation will contribute to retail firms’ competitiveness and better performance in terms of profitability, market shares, etc. (Siguaw et al. 1999).

Building on Kohli and Jaworski’s three components of market orientation, the inter-firm level is applied and discussed further (see table 2)

“Insert Table 2 about here”

The understanding of, adoption of inter-firm market orientation when entering foreign markets, as well as the influence of networking and relationship building with local companies and suppliers are limited among international retailers. This therefore constitutes the raison d’être of this paper: to inform the reader on the strategic and operational role of inter-firm market orientation in market entry strategy for international retailers.

METHODOLOGY

Exploratory research intends to observe trends, ideas or hypotheses, rather than prove a hypothesis. Case studies and observation are often used to gather data in exploratory research (Eisenhardt 1989; Ghauri and Grønhaug 2005; Yin 2003). The methodological approach of this paper is based on qualitative research, using case study and in-depth interviews to allow an in-depth study of the role of inter-firm market orientation when Western retailers investing in Thailand. Conducting case studies with Seven-Eleven allows us to study the relationships, behavior and operations in the organisational context (Berg 2006). As suggested by Ghauri (2004), we conduct case study in order to investigate and understand the specific circumstances
and problems and not for the generalization purpose. The suitability method of conducting this research mainly aims to answer research questions. This research aims analysing the impact of inter-firm market orientation and networking on the firm’s international expansion so the case study method would help us to answer “how” and “why” questions (Ghauri and Grønhaug 2005; Yin 2003; Ghauri and Firth 2009).

Research previously has used case studies and a qualitative approach to explore and investigate market orientation and network in international business research including investigate the market orientation and performance link of Tesco in Hungary and Slovenia (Rogers, Ghauri and George 2005), “how a global supplier network can support and contribute to a market driving strategy” (Ghauri, Tarnovskaya and Elg 2008), “How differences in the economic, political, legal and cultural environments between Western countries and transition economies can be overcome” (Ghauri and Holstius 1996), “how a retailer identifies critical network actors and gains their support when entering an emerging market” (Elg, Ghauri, and Tarnovskaya 2008), “how MNCs manage their relationship with socio-political organizations” (Hadjikhani, Lee and Ghauri 2008), “How can companies establish and manage competitive demand supply network positions in emerging markets?” (Lorentz and Ghauri 2010).

The case selection relies on the time, resources, and accessibility of the company and the suitability of the research questions (Yin 2003; Ghauri and Firth 2009). Thailand has been selected for the study because it is the second most active retail market in Asia. Thailand has fast growth of imported food, groceries, and food retail due to an increasing middle class population and their spending (Food Export Association 2012). A case study of Seven-Eleven is appropriate to illustrate the retail internationalization process because company needed to adapt the marketing mixes to fit with Thai market.
Ten face-to-face semi structure interviews were conducted with senior and middle managers at Seven-Eleven in Thailand. The growing interest in semi-structured interviews may be explained by the fact that the interviewees’ viewpoints are more likely to be expressed in a relatively openly designed interview situation rather than during a standardized interview or questionnaire (Flick 2002). Semi-structured interviews are used in this research because they provide the interviewee with the opportunity to express and discuss the topic widely. The local managers, local employees are interviewed to gain opinions. Due to the rule of anonymity, the author avoids stating the name and specific position of respondents in this paper. All interviews were conducted in Thai and fully translated to English. Telephone interviews and emails are used to follow up for additional questions. Interviews allow researchers to cross check data and information with secondary data and reports which have been given. The researchers also have an opportunity to ask more questions to managers in order to reassure that they understand each other correctly (Ghauri 2004). The company data, company written reports, secondary data, store visits and observation are also conducted in this research (Ghauri and Firth 2009; Miles and Huberman 1994). The interviewer has an opportunity to observe non-verbal behavior and how respondents react when answering the questions. It allows the interviewer to interpret and understand the interviews better. The Seven-Eleven store visits in Bangkok allow the researcher to understand local store operation, local product assortment, and co-development products with supplier.

The interview transcripts were translated and the important data was coded into key concepts or themes (Miles and Huberman 1994, p. 69). Sometimes, the same data has overlapping codes when it refers to more than one concept (Eisenhardt 1989). The data has been transferred to a list of concepts and analyzed along those lines. The pattern-matching method was
used to analyze the data (Yin 2003; Ghauri 2004). “Pattern matching is a situation in which several pieces of information…may be related to some theoretical proposition.” (Berg 2006) The results are expected as well as a valid link between each variable. If the findings are as predicted, conclusions can be drawn about the factors influencing the internationalization of retail firms. On the other hand, if the findings do not follow a pattern as expected, the proposition needs to be questioned. After analyzing each case, the reoccurrence of similar findings was found in each time, and could allow “theoretical replication” across cases (Yin 2003).

**INITIAL FINDINGS AND ANALYSIS**

Seven-Eleven is one of the leading convenience stores in the USA found in Dallas, Texas in 1927. Ito-Yokado who is the Japanese franchisee later took over the Southland Corporation; the US parents company. Since the company began its internationalization by international licensing in 1971, Seven-Eleven now operates 44,700 convenience stores in many countries as indicated in table 3 (Seven-Eleven Corporate Website 16/03/2012).

“Insert Table 3 about here”

Seven-Eleven entered the Thai market in 1989 by franchisee CP All. The concept of Seven-Eleven is a convenience store which is located in the urban area. The combinations of the increasing Thai urban lifestyle, purchasing power, and consumer behavior have been identified as the opportunity to open convenience stores in Thailand 23 years ago. Seven-Eleven has become the leading convenience store in Thailand and succeed to reach 5,000 stores in 2010 and currently operates 6,276 stores in 2012, which makes Thailand Seven-Eleven’s third largest market after
Japan and USA (Seven-Eleven Corporate Website 16/03/2012). The urban and city lifestyle fit with Seven-Eleven’s convenience concepts. The country has strong growth in convenience store and hypermarkets. More than 90% of urban customers visit the convenience stores (Food Export Association 2012). The customer purchasing behavior has changed from grocery shopping by local mom and pop stores where the price can be negotiated and sometimes they get short term credit, to convenience stores and hypermarkets which are more convenient with a greater product assortment and a higher price. The main target market of Seven-Eleven has been identified as: “We serve all ages from children to elders. The main target market is 25-45 years old as they are the majority of Thai population. We serve the majority of population and response to those needs. We adjust according to target group’s demand.” (Vice President Merchandising)

Network

Seven-Eleven large suppliers include beer, alcohol, water, soft drink, cigarette, food from CP and fast moving consumer goods company including Unilever. The company highlights the importance of suppliers by stating: “We are a convenience store. We have to stock good product with reasonable price...we have to have good relationship with customers. The key important of retailer is good relationship with suppliers.”

There are many suppliers who approach Seven-Eleven and the company select suppliers according its performance as revealed: “We have new product coming to us 40-50 products per week. If the products do not sell, it will be replace by the new products- it is one in and one out. We choose supplier and product according to their performance.” The retailer and supplier will have a business review every quarter and they will work together to review the selling plan every
year. The suppliers normally introduce the new product and review performance during the quarter.

Seven-Eleven works closely with its suppliers to develop products to match our customers, for example the company helps suppliers adjust packaging to appeal more to customers “We sell in the large volume and enough to be able to develop product together with suppliers.” The company also asks suppliers to adjust the taste of the food and beverage product to suit their customer’s taste as observed: “We know what customer’s like in terms of taste as we see from which products sell well here so we discuss this with our suppliers.”

**Market Orientation**

*Intelligence Generation*

Seven-Eleven study Thai consumer behaviour by reviewing the AC Neilson market research report and retail audit to understand customer’s trends and what products sell well. They also use its database and report to identify best selling products. “We study competitor by looking what they sell. We conduct mystery shopping. When we see which products sell well, we work very hard with suppliers to improve its products in order to sell more. For example, green tea is the popular product in Thailand in the past few years. We develop together with supplier to make green tea less sugar because customers are more health conscious.”

The company conduct in house market research every year in order to see the change of customer demand. As Seven-Eleven moves from the convenience store concept to “convenience food store” concept, the company continue conduct market research when expanding into food and ready meal products as explained: “The ready meal is more hygiene but the taste is not as good as fresh food. Our customers eat rice for lunch and we develop the taste of our ready to eat
meal. We focus on mainly the taste of food that is why we conduct heavily research includes focus group to taste and give opinion about our food.” Most of market research information has been used to formulate marketing strategy and products selection as highlighted: “We use the information on marketing strategy and product...we have different customers from the office and urban area compare with residential area or petrol station for example. Our different store location serves different customers.” Suppliers can test market about their new products in Seven-Eleven branches as indicated: “Suppliers can test the market by selling at our 100-200 branches in order to do research.”

*Intelligence Dissemination*

Seven-Eleven disseminate information using several tools. The company has around 1,000 field consultants and each of them responsible for 5 stores each. Communication between consultants is held weekly and systematic as indicated: “The merchandise department has weekly meeting with field consultants to present new products and they will communicate to store every Wednesday to distribute to the branch manager. We will have communication cycle every week which work very well for us. In the different province, we normally conduct video conference.” Seven-Eleven uses reports as a knowledge sharing tool of each function/ departments. Each department meets quarterly to discuss performance and planning and direction.

Seven-Eleven in Thailand also share information with different countries as explained: “the company in USA organize yearly and we have conference and company visits in Japan to share concepts and the best practice. The best practice is normally share in meetings.” They share the best practices from Japan’s operation as indicated: “we operate “Plan-Do-Check-Act” which works very well in convenience store and retail concept in Thailand. We consistently go through this process such as we plan on shelve and implement on product shelving and then we have to
check if it work and sell and act or adjust accordingly. I got this from Japanese style. Japanese do this very well which we need to follow.”

**Responsiveness**

The main focus of Seven-Eleven is to provide convenience to customers. Seven-Eleven allow stores to be open 24 hours. Seven-Eleven focus on fresh food which has short expiry date, 75% of its products are food and beverages and 25% non food products. There are services including bookstores, fax services, bill payments (electricity, gas, telephone bills). Customers can use the service facility by paying small charges.

The company uses local adaptation approach to operate in Thailand. *Products* have been adapted to fit with the local Thai market as mentioned: “They eat hotdog in USA. We can sell hotdog as snack in Thailand but our customers still eat rice as main meals. We are expanding the range of rice dishes products includes ready meal with rice, frozen meal.” Seven-Eleven is differentiating themselves from its competitors; Tesco Lotus-Express and Family Mart; by expanding to convenience food positioning. The company expend the ranges of fresh and ready to eat meals (see appendix 1) including ready to eat rice dishes, ready to eat snacks, frozen rice dishes in order to give variety to customers as highlighted: “We have fresh, ready to eat and dry grocery. We focus on fresh food more and more. Tesco sell mainly dry grocery products. We have our beverage, fresh food, and snack.” Seven-Eleven work with suppliers to create exclusive products to sell exclusively at Seven-Eleven. *“Only at Seven-Eleven”* represents smaller products which suitable for the convenience concept such as soap, small shampoo, razors and other toiletries.
The price of Seven-Eleven products is a little bit higher than supermarkets, but the company operates as a convenience offering with extensive coverage in order for easy access by its customers.

Management highlighted store location selection as indicated: “The location in USA usually located at petrol stations and the corner location. We need to adjust this location strategy to Thai market. We located in the mass transportation hub such as bus stops, sky train station, underground station and bus station.” Location is one of the main strategies that Seven Eleven uses to compete, as they open new stores extensively and provide good coverage in prime locations including transportation hubs, schools, and office buildings: “It is about the location for 7 eleven. We have to operate many branches in very good location be accessible to customer.”

Seven-Eleven promotes its brand in television, radio, newspapers, press and media. Suppliers are also assisting the retailer to promote its brand. Seven Eleven normally ask large suppliers to put the logo of Seven-Eleven in their television advertisement to show that these products are available to purchase at Seven-Eleven as explained: “Our supplier plays an important role on promotion because they help us advertise that their products are available at Seven-Eleven. We focus on this television advertisement. We use a little bit of radio and newspaper. We use in store media such as poster.” Another manager confirms the importance of suppliers as: “It is about helping each other between retailer and suppliers. We help each other. The suppliers help us to advertise using Seven-Eleven brand. We help those stock products and sell them quickly using our reputation.”

The findings have shown that Seven-Eleven adopts inter-firm marketing orientation when operating in Thailand (see table 4). The findings reveal that suppliers are main actor to build inter- firm market orientation. The supplier network, as Elg and Cerne (2001) note, shares
information and knowledge about their customers and work together to gather customer’s data. The company discusses and shares knowledge of customers, this knowledge includes customer preferences, trends and customer buyer behavior. The information is disseminated through formal and informal communication including weekly meetings, product line meetings, reports and memos. The company also develops the new products with its selective suppliers including Beauty Drinks, Vitamin Water which sells exclusively at Seven-Eleven. The research confirms with Elg (2003)’s study that the company works together with suppliers to respond to those customers’ needs. In this case, they developed the travel size products in order to fit with convenience store format. This case study founded that the evidence of inter-firm market orientation demonstrates that by gathering customer information and disseminate information in order to respond to customer’s needs (Kohli and Jaworski 1990).

“Insert Table 4 about here”

CONCLUSION

To answer the research question, this study confirmed that market orientation would assist the company to understand more about the customers and competitors, thus enabling it to adapt to the local market (Kohli and Jaworski 1990). As customer consumption trends are changing constantly due to urban living style and health conscious, Seven-Eleven feel that the competition is tough and they need to be on top of its game. The company could not achieve market orientation alone and use network with its suppliers to generate intelligence, disseminate information and create local product to respond customer’s needs. This study agrees with Ghauri and Holstius (1996) that matching and network relationship could facilitate the company
activities to get the right location and to run their retail operations. In these cases, the author found that the crucial network with the right actors, such as suppliers and associations allow the company to access the market and customer information which enhanced their market orientation. This research further confirms that the ability to understand customers, which can be done through market orientation and networking, are the main factors that influence performance in international operations.

From a theoretical perspective, this research re-evaluates Kohli and Jaworski’s (1990) market orientation concept. This study evaluates the concept of market orientation in the context of international business operations and extends the scope of the analysis using cases of western firm in Thailand. This research also takes networking/matching concept (Holstius 1991; Ghauri and Holstius 1996) further by applying them to the international retail context. The findings also suggest how foreign market operations can be managed, thereby providing a way to improve our understanding of the internationalization process. This research found that Kohli and Jaworski’s (1990) market orientation concept could apply to the retail industry. The element of intelligence generation, intelligence dissemination and responsiveness could apply in the international retail expansion context.

With regard to managerial implications, this study will benefit those companies engaged in retail activities abroad, as well as those planning to engage in activities in the international markets. This research is useful for practitioners and retailers in terms of highlighting the key factors, which could influence the successful international retailing operations. It focuses on the influential factors, thus providing a better understanding of the requirements and conditions necessary for a successful retail foreign operation.

There are some limitations that were uncontrollable in this research. The main challenges faced while conducting this research are the limited time and resources, the difficulty in accessing
the company information, and the availability of the respondents. Finding participants and getting access to the company was a great challenge initially, as it is very difficult to access companies without any networks or personal relationships. The next step of this research is to conduct case study of Seven-Eleven in Taiwan in order to compare and contrast information with Thai case. Further studies of different cases in more markets would have been interesting to consider and would have allowed a comparison of the results. Finally, multiple research methods in future research would enhance the credibility of these results.
REFERENCES


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Table 1: A Summary of Market Orientation Studies (1)

| Author(s)          | Main aspect Conceptual Model                                                                                                                                                                                                 | Research Methodology                                                                                                                                   | Findings                                                                                                                                                                                                 |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Liao et al. 2011  | The study looks at market orientation academic articles from 1995-2008 and find out the definition, aspects, study trends and key issues of market orientation.                                                                   | Secondary research by reviewed 153 selected market orientation journal articles which published in 10 leading academic journals.                                                                                           | The 38 articles dedicated to study market orientation and performance linked. 22 studies found that there is a direct impact of marketing orientation to performance. 6 studies focus on moderator of relationships. 10 look at mediating variables. Only 2 studies found no relationship between marketing orientation and performance. |
| Kirca 2011        | To investigate the direct and indirect of market orientation to performance of MNE’s subsidiaries in Turkey.                                                                                                                   | 167 questionnaires with managers from 73 MNE’s subsidiaries in Turkey.                                                                                                                                             | Market orientation has direct impact on financial performance and indirect impact via customer retention and customer satisfaction factors.                                                                 |
| Kumar et al. 2011 | To investigate the link of market orientation to performance from year 1997 to 2005.                                                                                                                                                                                                       | Three surveys in 1997, 2001 and 2005 with top managers in 261 US companies.                                                                                                                                       | Market orientation has positive impact on business performance including sales and profit in the short term and long term. The environmental factors are moderate the impact of MO to business performance. |
| Taghian 2010      | To investigate the link between market orientation, marketing planning and business performance.                                                                                                                                                                                             | Survey with 216 large Australian business firms.                                                                                                                                                                     | Marketing managers use marketing planning tool to functionalize market orientation strategy in the company. There is strong link between market orientation and market share and financial performance. |
| Ghauri, Tarnovskaya and Elg 2008 | To investigate how supplier network can enhance retailer’s marketing driving strategy.                                                                                                                                                                                                       | Case study research with 11 interviews with IKEA managers and its 4 suppliers in Poland and Russia.                                                                                                               | The marketing driving strategy has been seen as a form of market orientation. The efficient global supplier network of IKEA helps company to achieve company’s market driving approach. |
| Panigyrakis and Theodoridis 2007 | To investigate the impact of market orientation on retail business performance for supermarket chain in Greece.                                                                                                                                                                               | In-depth interview with 15 branch managers and 10 marketing managers and 252 questionnaires using MARKOR scale with branch managers in Greece.                                                                   | Market orientation is significant important in retail industry and has direct effect to retail performance in supermarket chains in Greece.                                                                 |
| Elg 2003          | The research emphasis on the importance of both intra-firm market orientation and inter-firm retail market orientation.                                                                                                                                                                         | Qualitative, exploratory case study with British food retailers                                                                                                                                                   | The model reveals that retailers are involved in internal market orientation and also emphasize inter-firm market orientation and network with other actors in the retail system. |
Table 1: A Summary of Market Orientation Studies (2)

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<thead>
<tr>
<th>Author(s)</th>
<th>Main aspect Conceptual Model</th>
<th>Research Methodology</th>
<th>Findings</th>
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<tbody>
<tr>
<td>Liu et al. (2003)</td>
<td>This research focuses on testing the correlation between market orientation and the following: entrepreneurship, learning orientation and better performance in the emerging economy of China</td>
<td>Questionnaire with senior managers in China</td>
<td>The finding is, the more a company becomes market orientated, the more learning orientated it will be. Also, there is positive correlation between market orientation and emphasis on entrepreneurship as well as the ability to achieve better performance.</td>
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<td>Tse et al. (2003)</td>
<td>The research explores whether Narver and Slater’s market orientation could be applied in the Chinese business environment</td>
<td>The methodology used included questionnaires with a sample of 4,000 companies with more than 50 employees based in Hong Kong but having operations both in Hong Kong and China.</td>
<td>The results show that Narver and Slater’s scale can be applied in the Chinese business environment (Tse et al., 2003). The positive correlation between market orientation and company performance has been reinforced.</td>
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<tr>
<td>Soehadi et al. (2001)</td>
<td>Develop four measurement scales, which are customer orientation, competitor orientation, inter-functional integration and profit orientation in order to measure market orientation</td>
<td>Questionnaires with Indonesian retailers and suppliers</td>
<td>Market orientation appears to consist of four dimensions that can be measured using 15 questionnaires in order to demonstrate validity and reliability. Market orientation also has a positive effect on retail performance as well as supplier partnerships.</td>
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<td>Hooley et al. (2000)</td>
<td>They test Narver and Slater’s market orientation model through fieldwork in Central European countries.</td>
<td>Qualitative research and case study approach, interviews between local research colleagues and senior managers. The second step is to use surveys in Hungary, Poland and Slovakia in various industries such as retailing and electronics</td>
<td>There is a stronger relationship between market orientation and performance when market turbulence exists. This market turbulence can be expressed in terms of fluctuating growth rate, rising unemployment and high levels of inflation in Central Europe.</td>
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<td>Author(s)</td>
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<td>Appiah-Adu (1998)</td>
<td>The study of market orientation and performance (sales growth and return on investment) links in developing countries</td>
<td>Questionnaire for Managing Directors of 200 manufacturing and service companies in Ghana</td>
<td>The findings show that market orientation does not directly impact on performance, which are sales growth and return on investment among firms in Ghana. There is an indirect impact on sales growth expressed through a higher level of competition and a more dynamic market.</td>
</tr>
<tr>
<td>Liu and Davies (1997)</td>
<td>Study market orientation of UK retailers</td>
<td>Postal Questionnaire with UK retailers.</td>
<td>Market orientation does not have any direct correlation with commercial performance.</td>
</tr>
<tr>
<td>Kohli and Jaworski (1990); Jaworski and Kohli (1993)</td>
<td>Market orientation is composed of intelligence generation, intelligence dissemination, and responsiveness. The model has antecedents (senior management factors, interdepartmental dynamics, organizational systems). Consequences of market orientation involve customer responses, business performance, and employee responses</td>
<td>Interviews with 62 managers with marketing and non-marketing positions and senior managers in 47 organisations, located in 4 US cities. Jaworski and Kohli (1993) conducted questionnaires in 500 companies and also American marketing associations.</td>
<td>Market orientation impacts on organisational strategy, and employee and customer perception. There is a positive relationship between market orientation and organisational performance; but there is no relation to market share.</td>
</tr>
<tr>
<td>Narver and Slater (1990)</td>
<td>Market orientation is about customer orientation, competitor orientation, and inter-functional coordination, aiming to achieve long-term profit. The model tests the relationship between market orientation and profitability</td>
<td>Conducted 440 questionnaires with 140 strategic business units.</td>
<td>There is a significant positive relationship between market orientation and business profitability, both in terms of commodity and non-commodity businesses.</td>
</tr>
</tbody>
</table>
### Table 2: Inter-firm Market Orientation

<table>
<thead>
<tr>
<th>Market Orientation Components</th>
<th>Implication to Individual Firm</th>
<th>Application to Inter-firms Network</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intelligence generation</strong></td>
<td>Refers particularly to the collecting of market intelligence. It comprises environmental scanning and research into customers’ needs and trends, the monitoring of government policies and regulations, competition, industry-level developments, or technology.</td>
<td>Develops when a number of firms in a distribution network collaborate, which supplies information and knowledge about their customers. (Elg and Cerne 2001). This may mean retailer sets up specific project groups that include members from both the retailer and important manufacturers. The different parties within these groups work together in gathering and analyzing customers’ data.</td>
</tr>
<tr>
<td><strong>Intelligence dissemination</strong></td>
<td>Means to communicate market intelligence to all or relevant departments within the company through various communication means, for example, newsletters, memo, intranet, meeting and discussions.</td>
<td>The dissemination of customers’ information and data between firms within the network tends to affect performance in the market since each company will have a better knowledge and understanding of what customers want and need. The intelligence distribution may be relatively formalized, such as those in a trade association. Alternatively, firms in a network can create an information system collaboratively by making customers’ data available to all network members.</td>
</tr>
<tr>
<td><strong>Responsiveness</strong></td>
<td>Refers to any actions or strategies developed to respond to the intelligence gathered and dissemination process.</td>
<td>Occurs when firms organize their activities together to respond better to the consumers’ needs and wants. This happens when members of a network meet up to plan the marketing activities, to make a decision on how different activities of the value chain are to be carried out and cooperate, or to confer about how to manage problems or customers’ dissatisfaction.</td>
</tr>
</tbody>
</table>
Table 3: Seven-Eleven International Licensees

<table>
<thead>
<tr>
<th>Territory</th>
<th>First Store Opened</th>
<th>Number of Locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada +</td>
<td>1969</td>
<td>469</td>
</tr>
<tr>
<td>Mexico</td>
<td>1971</td>
<td>1,351</td>
</tr>
<tr>
<td>Japan</td>
<td>1974</td>
<td>13,718</td>
</tr>
<tr>
<td>Australia</td>
<td>1977</td>
<td>579</td>
</tr>
<tr>
<td>Sweden</td>
<td>1978</td>
<td>185</td>
</tr>
<tr>
<td>Taiwan</td>
<td>1980</td>
<td>4,801</td>
</tr>
<tr>
<td>Hong Kong/ Macau</td>
<td>1981/2005</td>
<td>964</td>
</tr>
<tr>
<td>Singapore</td>
<td>1983</td>
<td>561</td>
</tr>
<tr>
<td>Philippines</td>
<td>1984</td>
<td>689</td>
</tr>
<tr>
<td>Malaysia</td>
<td>1984</td>
<td>1,328</td>
</tr>
<tr>
<td>Norway</td>
<td>1986</td>
<td>164</td>
</tr>
<tr>
<td>South Korea</td>
<td>1989</td>
<td>5,249</td>
</tr>
<tr>
<td>Thailand</td>
<td>1989</td>
<td>6,276</td>
</tr>
<tr>
<td>Guangdong</td>
<td>1992</td>
<td>546</td>
</tr>
<tr>
<td>Denmark</td>
<td>1993</td>
<td>196</td>
</tr>
<tr>
<td>Beijing</td>
<td>2004</td>
<td>147</td>
</tr>
<tr>
<td>Indonesia</td>
<td>2009</td>
<td>57</td>
</tr>
<tr>
<td>Chengdu</td>
<td>2011</td>
<td>41</td>
</tr>
<tr>
<td>Shanghai</td>
<td>2011</td>
<td>94</td>
</tr>
</tbody>
</table>

+ A Wholly Owned Subsidiary of Seven-Eleven, Inc.

Table 4: Seven-Eleven Inter-firm Market Orientation

<table>
<thead>
<tr>
<th>Market Orientation Components</th>
<th>Implication to Individual Firm</th>
<th>Application to Inter-firms Network</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intelligence generation</strong></td>
<td>The company collecting of market intelligence by conduct market research such as focus group, food tasting. They also use market research report to analyze consumer’s consumption trends.</td>
<td>Company discuss with suppliers related to knowledge about their customers including customer preferences, customer trend, best selling products.</td>
</tr>
<tr>
<td><strong>Intelligence dissemination</strong></td>
<td>-Seven-Eleven communicates market intelligence to relevant departments within the company through weekly meeting with stores, face to face meetings, product line meetings, internal reports. -The company shares best practices and use operation methods from Japanese’s best practices.</td>
<td>-The customers’ information has been shared with suppliers on the project based such as customer satisfaction project. -The supplier has regular meeting with Seven-Eleven to discuss and measure product performance.</td>
</tr>
<tr>
<td><strong>Responsiveness</strong></td>
<td>- Company sells mainly local products. CP has its expertise in food business and be able to repositioning its brand from convenience store concept to convenience food store concept in order to differentiate from its competitors.</td>
<td>-Seven Eleven co develops with Beauty Drinks with the largest drink suppliers to respond to customer’s health conscious trend. This beauty drinks (Vitamin water) has been sold exclusively only at Seven Eleven and became one of the best selling products. -Seven Eleven discuss with suppliers and launch the small size products to match with convenience concept. The suppliers develop the convenience size products such as toothpaste, mouth freshener spray which sell exclusively at Seven-Eleven.</td>
</tr>
</tbody>
</table>
Figure 1: Antecedents to Market Orientation

Antecedents to Market Orientation

Retail Market Orientation
(Within and between firms)
- Intelligence generation
- Intelligence dissemination
- Responsiveness

Performance
Appendix: Ranges of Ready to Eat Products at Seven-Eleven Thailand