

# **The proliferation of convenience stores in Bacoar, Cavite: An analysis**

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**Abstract** - *The theory of Consumer Choice describes how people make decisions. It explains how a person chooses something for consumption, how he buys something with convenience, and where to buy goods which are readily available with speed and ease of service as these goods are being bought. This study was conducted to know the factors that enable the growth and sustenance of convenience stores in the city of Bacoar, Cavite whereby proliferation of these stores is being observed. With the help of the Third Year BSBA students major in Marketing, under the subject - Marketing Management, the study was successful. Students were assigned to conduct a survey of some convenience stores in selected places in the city of Bacoar.*

*The study also aimed to know the market and management aspects of these convenience stores as well as determine its existence in Bacoar, Cavite. A key to understanding shopping behavior is the increased importance consumers are attaching to convenience considerations. For business, the reality is that convenience and value are tightly linked where convenience is more than just location, "value" is more than just price, and making the best use of precious time is a consumer imperative. The researcher used the Case Study Method in conducting the study. Five groups of students were required to interview store owners/staff of convenience stores in their assigned areas within Bacoar City. They have conducted their interview at 7-Eleven, Allday Home, Green Apple and Ministop Convenience Stores. Based on their interview, storeowners/staff made a conclusion that most consumers buy goods to convenience stores due to location, long hours of operation, variety and availability of products, distance and good ambiance of the store, and presence of Security Guards within the stores.*

**Keywords** - *Convenience store, proliferation, value*

## **Introduction**

Many convenience stores are independently owned and are often part of a franchise of convenience store chains, while the majority of grocery stores are part of a chain that is run by a national or regional corporation. These stores also differ in their hours of operation. Convenience stores offer longer business hours and are open on most holidays, whereas grocery stores have shorter hours and are closed during some holidays. Philippines is ripe for Convenience Store growth with 7-Eleven, Ministop and Family Mart spreading in a nation with rising incomes. These Convenience Stores spread over the country, in the cities and other municipalities.

Nowadays, there are plenty of convenience stores which are rampant anywhere in the country particularly in the province of Cavite.

These stores grew very rapidly as observed in Bacoar City which is the area of study. These stores are located with very short distances from each other. Knowing that competition is too high among them, each store has existed and survived for many years in this place.

## Objectives of the Study

This study explains the reasons of the tremendous growth of convenience stores here in the municipality of Bacoor City. As observed, 7-Eleven was the first Convenience Store that started to operate here in Cavite.

This was purposely conducted to know the factors that influence the tremendous growth of convenience stores in the municipality of Bacoor, Cavite in spite of the very short distances from each other. This research is also helpful to the business students in exposing them to the discipline of research and in providing them the actual and more relevant business experience.

This study was conducted at Bacoor City and owners/managers of selected Convenience Stores served as the respondents. This also aims to answer the following:

1. What are the factors that lead to the proliferation of Convenience Stores in Bacoor City?
2. In what way can Convenience Stores be of great service to the people in a particular place?
3. Why do consumers prefer to buy in Convenience Stores?

## Review of Related Literature

Motive is a strong sensation, urge, instinct, desire or passion making the buyer decides to buy. Buying motives are those influences or impulses to buy, induce action or establish choice in the purchase of goods or service.

A Convenience Store or Corner Shop is a small store that stocks items as groceries, snack foods, candy, toiletries, soft drinks, tobacco products, and newspapers. It may be located alongside a busy road, in an urban area or near a railroad station. Some Convenience Stores have long shopping hours being open 24 hours like some 7-Eleven Stores serving more locations, and having shorter cashier lines.

**7-Eleven.** The largest convenience store chain in the country run by the Philippine Seven Corporation (PSC). Its first store was opened at the corner of Kamias Road and EDSA Quezon City February 29, 1984. While we're used to see this store open for 24 hours a day, 7 days a week, there was a time when the store was only open from 7 am to 11 pm. and this is how it got its name. The number of 7-Eleven outlets continued to increase in 1984 while other chains were having difficulty in expanding.

However, in 1985, 7-Eleven faced difficulty in finding favorable locations and failed to meet its one-store-a-month target. Considering the country's economic condition at that time, the company grew slowly in its first few years of existence. The situation improved in 1986 opening twenty-four hours a day, seven days a week including Sundays and holidays. This 24/7 policy was seen as the reason that gave 7-Eleven its edge over its competitors. (2)

**Ministop.** A Convenience Store, operated by the Robinson Convenience Stores, Inc. It is a convenience store where everyone stops by for a minute which later became Ministop. It is brought about by its mother company- The AEON Group of Japan. It is also a 24-hour convenience store chain and is a franchise of Ministop Co. Ltd., one of the largest store chains in Japan. The store carries a wide assortment of merchandise and an extensive selection of ready-to-eat products. Ministop continues to develop products that cater to the Filipino palate in terms of variety and

affordability, while putting a premium on quality and freshness. Founding date was October 2010.  
(3)

**Family Mart.** operated and franchised by the joint partnership of Rustans and Ayala Corporation which are one of the largest shopping mall operators in the Philippine. It's a convenience store first opened in Japan on September 1, 1981. Family Mart is Japan's third largest convenience store chain, behind 7-Eleven and used to be the largest chain store in South Korea. FamilyMart is owned and overseen by FamilyMart Company, Limited.

**Alfa Mart.** started in 1989 by Djoko Susanto and Family. Founded under the name PT Sumber Alfaria Trijaya Tbk (Company). In 2002, the company started its expansion through acquiring 141 Alfa Minimart stores and brought a new name "Alfamart" which is one of Indonesia's leading retailers. It provides goods at affordable prices, high quality basic daily needs, clean and comfortable shopping atmosphere which is easily accessible. Alfamart is one of the largest employers in Indonesia.

**AllDay.** Homes is an up-and-coming, Filipino-owned convenience store chain, already with nearly 100 stores nationwide. Beyond offering an exciting broad selection of grocery products, the chain provides affordable fast food meals and offers services like bills payment for major utilities and service. It was originally established in 2008 as Finds Convenience Store was founded by Manny Villar. Allday is poised to expand quickly over the few years.

**Green Apple.** also seen in Bacoar City serving customers variety of goods operating 24 hours a day same as 7-Eleven.

### **What are the key factors in the Convenience Store Business?**

**Location/Access.** Location is obviously the key convenience success factor and for customers, location must be close to where they live, where they work, or on their normal route to and from home or work. In addition, location, to be really convenient, must have easy access. The right location provides both convenience and value.

**Assortments/Availability.** For most product categories consumers have their favorite brand names, flavors, or sizes that they want to purchase and that they expect a "good" convenience store to carry them. For some products, like cigarettes, consumers are extremely loyal to their brand and package size, and for other products like chocolate bars they may have several brands that they alternatively use. In any case, to provide convenience and value one must not only carry these bestselling brand name products but must be in-stock at all times. Inconsistency in in-store position is as damaging as not carrying the products at all.

**Price.** Price is a key component of value, but "value for money spent" is probably a more important consideration. Generally, most research on consumer attitudes on the convenience business has shown that consumers expect to spend a little more when they purchase products in a convenience store, and for the most part they do not mind. They can justify a small convenience premium because it is close, convenient, they are saving precious time, and if the store is clean, with friendly staff and has the products they want.

**Environment.** Increasingly today the store environment plays an important role in the consumer's perception of value, as more and more up-dated and modern convenience stores appear in the marketplace. If the store is clean, bright, uncluttered and easy to shop, that appears friendly

and interested, and the store offers a wider range of convenience products and services, the consumer is more willing to patronize it more frequently. If however, the store is old, tired, dirty, cluttered, etc., the store will probably only be used for “emergency purchases”.

### Methodology

This study used the Case Study Method. Survey Questionnaire was formulated. The information was generated through personal, face-to-face interview with the business owners/managers/staff. For additional information The Third Year BSBA students major in Marketing Management conducted the interview. This served as their Final Examination upon the submission of the Final Report. They were divided into five (5) groups and were assigned to a particular place as their assigned area of study.

The Students conducted a personal interview to get valid and accurate result, but more convenience stores declined to be interviewed due to lack of staff to accommodate the student interviewers. Data were collected, summarized and analyzed using the Frequency Percentage and Ranking.

The Researcher has Thirty Seven (37) respondents chosen among the One Hundred Twenty Four (124) Convenience Stores which renewed their business permits at the Business Permit and Licensing Office (BPSO), Local Economic and Investments Promotion Office, Bacoar Municipal Hall. The following were the respondents among the 124 Convenience Stores: Seventeen (17) 7-Eleven, Four (4) Green Apple, Ten (10) Allday Homes, Three (3) Ministop and Three (3) Family Mart. Among the 37 respondents, 24 renewed their business permits as per record from the BPLO.

### Results and Discussion

Shoppers in the Philippines have access to fewer convenience stores. Based on record, there were 40,917 people per convenience store (Nielsen, 2012). This is one of the reasons of the very fast growth in the number of convenience stores. The following are the Data Presentations and Analysis based on the results of the personal interview conducted by the Third Year students.

**Table 1. Reasons why Convenience Stores were put in the area**

Reasons	Frequency (F)	Percentage (%)
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Location	22	70.27
Investment	1	2.70
Opening of New Subdivision	9	24.32
24-hour service	5	13.51

Table 1 shows that most of the Convenience Stores were put up in this area due to location where population is high. This involves Place and Population as 2 P's in the Marketing Mix.

**Table 2. Number of years operating this business**

Reasons	Frequency (F)	Percentage (%)
Less than 2 yrs	8	21.62
Between 2-4 yrs	18	48.65
Between 4-6 yrs	8	21.62
More than 6 yrs	3	8.10

In Table 2, most of the Convenience Stores were operating the business between 4-6 years showing that within this period, they were able to reach the Payback Period and realized enough profits.

**Table 3. Has the business grown in terms of products?**

Choices	Frequency (F)	Percentage (%)
Yes	32	86.49
No	5	13.51

86.49% (32) of the Respondents answered positively, which shows that Product which is one of the P's in Marketing Mix is one major factors of the business growth.

**Table 4. Has there been technological/regulatory change affecting the business?**

Choices	Frequency (F)	Percentage (%)
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Yes	0	0
No	37	100

Obviously, no technological/regulatory change has affected the Convenience Stores. This shows its smooth operation.

**Table 5. Problems encountered**

<b>Problems</b>	<b>Frequency (F)</b>	<b>Percentage (%)</b>
Capital	3	8.11
Manpower	5	13.51
Malls/Other		
Convenience Stores	25	67.57
Customer Attitude	4	10.8

Sixty Seven % (25) considered malls and other convenience stores as competitors/threats to their business. Some have problems on customers' attitude just like a customer entering the store under the influence of liquor. This also happened in some 7-Eleven stores without Security Guards.

**Table 6. Alternatives to solve the problems encountered**

Alternatives	Frequency (F)	Percentage (%)
Source out Funds	5	13.51
Hire manpower	6	16.22
Improve Customer Service	8	37.62
Have some Promotional Activities/Freebies	14	37.84
Provide goods with affordable prices	4	10.81

Table 6 shows that service convenience stores need to have some promotions/freebies to attract more customers. Promotion is one of the P's in Marketing Mix that helps in the business success. Some stores also decided to improve customer service by having an orientation on Service Culture.

**Table 7. What would you consider the key success factors of Convenience Stores?**

Success Factors	Frequency (F)	Percentage (%)
Location	14	37.83
Investment	3	8.10
Customer Service	5	13.50
Variety of goods	5	13.50
24-hour service	10	27.20

Table 7 shows that Location is the top success factor of convenience stores which can equate to Place in Marketing Mix followed by 24-Hour Service involving People/Population that gives convenience to customers.

**Table 8. Rank the following factors affecting the proliferation of convenience stores in Bacoar City**

Factors	Frequency (F)	Percentage (%)
Ambiance	1	2.70
Variety of Products	1	2.70
Location	14	27.83
24-hour service	8	21.62
Franchise fee	2	5.40
Changing work practice	4	10.81
Opening of new subdivisions	7	18.92

Majority of the respondents ranked Location as the first factor followed by 24-hour service as second and opening of new subdivisions as the third factor that affect the proliferation of convenience stores in Bacoar City.

Obviously, Location (Place) is the top ranking factor affecting the increase in number of convenience stores, the 24-hour service ranked second because some customers are workers who have night schedules and are now residing in Bacoar City with the opening of new subdivisions.

Based on record, 7-Eleven and Ministop Convenience Stores have the longest years of operation here in the Philippines particularly in Manila saturating this place with these 2 convenience stores. With this scenario, other convenience stores moved out to avoid the presence of many competitors in the urban area and to grab the opportunity of starting a business in newly opened subdivisions in Bacoar City making them closer to the people in the rural areas. As observed, 7-Eleven has the fastest growth in number among the convenience stores in Bacoar City. As per interview, if 7-Eleven can see any vacant space, they are going to occupy this space to avoid the entrance of other convenience stores in this place.

Another reason of the proliferation of convenience stores is their offering of prepared meals encouraging customers to dine out rather than eat at home. Customers feel the convenience of buying goods in the stores closer to them enjoying the ready to eat meals and excited about the self-service ice cream dispenser, thereby avoiding from entering a long counter in paying goods they bought.

Establishing a convenience store business here in the rural areas involves lower cost of the construction materials than in the urban areas and most convenience stores are family owned businesses managed by the owner just like Mr. and Mrs. Abanes of Talaba, Bacoar franchising 7-Eleven. Mrs. Marlyn Abanes formerly worked in a bank in Manila but stopped working and managed their business with the son as the assistant manager.

With the presence of SM Malls, convenience stores also increased in number like Alfamart establishing a partnership with SM Group gaining access to its properties (Jamieson, The Wall Street Journal, 2014).

Some convenience stores did not perform well but stayed in this business for quite some time hoping to make it profitable in the future, as what Mrs. Adelaida del Barrio said, owner and manager of Green Apple Convenience Store, Ligas, Bacoar, Cavite.



The proliferation of convenience stores offering prepared meals is encouraging Filipinos to dine out rather than eat at home. Consumers prefer quick preparation and ready-to-eat meal options or quick and easy food is not just a fad that will fade away.

Convenient Stores pull in more Shoppers Away from Wet Markets. When Filipinos shop they prefer to consolidate all their purchases in the stores closest to their neighborhood, they invest in bigger fresh food sections within their stores. Similarly, vegetable vendors and mini-market stalls are setup closer to neighborhoods leading shoppers the more to convenience stores as an alternative at the expense of the wet market.

**Big on planning, big on impulse.** The study reveals that most Filipinos opt for an instant gratification type of promotion such as “buy1 take 1 and price discounts. Grocery sales growth and the aggressive expansion activity of discounters generally, has meanwhile progressively altered consumer shopping behavior, encouraging repetitive top-up-shopping that cannibalizes some main grocery sales previously captures in the course of weekly “one-stop shops” at superstores.

According to LA Top Distributor, for Successful Convenience Store Owners, a Reliable Supply of the Right Products at the Right Price is the Key to Increased Profit.

Based on the results of the survey, most convenience stores were operating in business between 2-4 years already and this is quite a long period of time for a new business to stay longer in a particular area. Within this period, they were able to get back their investment (Payback Period).

More than 50% of the Respondents said that the availability of products found in their stores is one factor that led to their existence in the area. People who have less time to shop in big department stores buy goods in convenience stores where they can see the products they need.

It is also obvious that due to the opening of many subdivisions in city of Bacoar, these convenience stores have also proliferated considering the expectations of more population in the long run, presence of establishments, schools, hospitals and might be some amusement centers.

### **Summary of Findings**

Based on the interview made by the Third Year BSBA Students, the following are the factors that led to the Proliferation of Convenient Stores in Bacoar, Cavite:

#### **1. Location (Place)**

Convenient Stores existed because of location, where population is high and no travel time is spent in buying customer needs. As learned in the class discussion, location (PLACE) as one of the P's in Marketing Mix. This is the most important factor of business success. Aside from this, they operate in places especially in newly opened subdivisions which are abundant in Bacoar, Cavite. Opening a franchise convenience store in the urban area is no longer practical as more and more supermarkets are available in the cities.

#### **2. The 24-hour service**

This is another factor that leads customers to patronize convenience stores when customers can have all the the chances of buying what they want even during midnight where all other stores are already closed.

### 3. Presence of Security Guards

For customers, they feel safe inside an air-conditioned convenience store, and a well-ventilated room that has a pleasant ambiance with the presence of Security Guards.

### 4. Availability of Products

Necessary products needed by the customers which can be seen in convenience stores is another factor which led to the proliferation of these stores in the city of Bacoor.

## **Conclusion**

Convenience Stores provide for the lifestyle needs of the consumers wishing to buy a range of food and drinks, in small quantities rather than shop in large supermarkets that hold stocks for a 2 – 3 weeks supply. Consumers prefer buying food for the night at such convenience stores.

Convenient Stores provide a reliable supply of the right product at the right price, where food is ready to eat anytime a customer wants it. The reality is that convenience and value are tightly linked where convenience is more than just location, “value” is more than just price, and making the best use of precious time is a consumer imperative.

Making life a little easier for their guests by being there where and when they are needed by their customers. Providing local and imported goods is also a factor in the proliferation of convenient stores in Bacoor, Cavite.

The 24-hour service is another factor that leads customers to patronize convenient stores when customers can buy goods during midnight when all stores are already closed.

Presence of Security Guards - for customers, they feel safe inside an air-conditioned convenience store, and a well-ventilated room that has a pleasant ambiance. It is recommended that if a person wants to engage in business, availability of Security Guards who are loyal and true to their service should be considered to have loyal customers.

## **Recommendation**

Based on the facts stated above, the Proliferation of Convenience Stores here in the province of Cavite is just an expansion or an industrial growth of a particular place. In other words, Cavite is now on its way toward Industrialization where plenty of business establishments rise due to the increase in Population as well as subdivisions.

Industrialization in this province is a fast moving program of the government. As we know, Cavite is one of the largest provinces in Luzon as far as land area is concerned, so it is expected that more people will surely reside in this place.

Engaging in business is not just putting it anywhere but place or location should also be considered where population is too high and plenty of subdivisions are visible. This is one of the most important reasons why Convenience Stores proliferate in the city of Bacoor and in the province of Cavite in general.

With these reasons Convenience Stores play an important role in the lives of the people in Bacoor City especially those people who are nocturnal workers because they can have things they need which these only these convenience stores can provide due to its 24-hour service.

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