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Question 1

1.1) What was the scenario before the introduction of ST?

Ans) Before the introduction of ST, truck drivers had to wait in the store until the delivery was checked and reconciled. This consumed time of the drivers which could be utilized more efficiently.

1.2) What was the scenario after the introduction of ST?

Ans) After the introduction of ST, the driver left the products at the store, and a clerk recorded and reconciled the delivery at a convenient time when few customers were in the store. The Scanners read bar codes and record inventory.

2.1) What was the main objective of using a POS register?

Ans) The main objective of using a POS register was to collect all sales data, organize it and make it ready for analysis. This data was evaluated on a company-wide, district and store basis. This analysis was done to improve the ordering process.

2.2) How did it impact the merchandising mix of each store?

Ans) It enabled stores to match products with consumption patterns so store staff could adjust the merchandising mix on the shelves, even based on the time of day. Popular breakfast items were stocked early in the morning, and dinner items in the evening.

2.3) How was it used to improve sales per store?

Ans) It helped in identifying items that did not sell well and enabled stores to open shelf space for new products. About 100 new products were made available to stores each week. When a new product was introduced, the decision to continue stocking it was made within the first three weeks to ensure that each item contributed to sales and margin and did not waste valuable shelf space.

3.1) What was the main objective of the strategy followed by Seven-Eleven Japan for opening new stores?

Ans) The company followed a market-concentration strategy. It changed the standard size of new stores from 125 square meters to 150 square meters. When it enters a new market, SEJ plans for a cluster of 50 to 60 stores supported by a distribution center.

3.2) What advantages did the strategy bring to the company?

Ans) Its Advantages are :

1. Boosted Distribution efficiency.
2. Improved brand awareness.
3. Increased system efficiency.
4. Enhanced efficiency of franchise support services.
5. Improved advertising efficiency.
6. Prevent competitors' entrance into dominant areas.

4.1) What was the role of Seven-Eleven Japan's distribution centres (DCs) in replenishing the products to the stores?

Ans) Seven-Eleven Japan's distribution centres (DCs) would have the following roles:

- To arrange and alter delivery schedules depending on customer demand.
- To transfer inventory from supplier trucks to Seven-Eleven distribution trucks.

4.2) What was the role of Seven-Eleven Japan's suppliers in replenishing the products to the stores?

Ans) Seven-Eleven Japan's suppliers would have the following roles :

- To receive orders from all Seven-Eleven stores.
- To start production to fill the orders.
- To separate each store order.
- To send the orders by truck to DCs.

5.1) What type of trucks were used by the company to transport the products from DCs to the stores?

Ans) Temperature-controlled trucks were used by the company to transport the products from DCs to the stores.

5.2) On what basis was the number of trucks assigned to each store?

Ans) The number of trucks assigned to each store was based on the sales volume and customer demand.

6.1) How many deliveries were done on a daily basis per store for different types of products?

Ans) Since March 1987, Seven Eleven had offered three times daily store delivery of all rice dishes (Which comprised most of the fast-food items sold). Bread and fresh food were

delivered twice a day. The distribution system was flexible enough to alter delivery schedules depending on customer demand. In summers ice cream was delivered daily but only three times a week at other times. The replenishment cycle time for fresh and fast food items had been shortened to less than 12 hours. A store order for rice balls by 10 AM was delivered before the dinner rush.

6.2) *When and how were the deliveries made to the stores?*

Ans) The Deliveries were made during off-peak hours and were received using the scanner terminal. The system worked on trust and did not require the delivery person to be present when the store personnel scanned in the delivery.

Question 2

Part 1 “*Inventory levels that need to be maintained by the company DCs*”

Ans) Low

Part 2 “*Inventory levels that need to be maintained by the company stores*”

Ans) Low

Part 3 “*Cost of product replenishment to the stores*”

Ans) Low

Part 4 “*Obsolescence cost*”

Ans) Low

Question 3

for State A.

Ans) Way 1 would be more suitable for State A due to the market dominance strategy followed by both competitors. Since the Density of stores are very high, distribution would be more efficient.

for State B.

Ans) Way 2. Since the stores density is not very high, Way 2 would be more cost effective and efficient here

Question 4

For Part 1 “Number of stores” .

Ans) By 2003, Seven Eleven had 23 CDCs located throughout North America supporting 80% of the network. Company had 5798 stores in the United states.

For Part 2 “Distribution structure”

Ans) The concept of combined distribution centers (CDC) was introduced. Historically the stores in US were replenished using direct store delivery(DSD). By 2003 Seven-Eleven had 23 CDCs in the US supporting 80% of the store network. CDCs would delivery fresh products such as sandwiches, bakery products, bread, produce and other perishables once a day. A variety of fresh food suppliers sent products to the CDC throughout the day where they were sorted for delivery to stores at night.