IE7200 Case-1
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1. A convenience store chain attempts to be responsive and provide customers with what they need, when they need it, where they need it. What are some different ways that a convenience store supply chain can be responsive? What are some risks in each case?

Answer: Responsiveness is given top priority in convenience store supply chains to meet consumers' urgent demands. This involves tactics such as rapid replenishment programs, maintaining diverse inventories to meet a variety of needs, and using advanced forecasting methods to anticipate and respond to customer purchasing trends. The two main risks associated with these reactive supply chains are stock-outs, which can lead to lost sales opportunities (supply is less than demand) and dissatisfied customers due to product unavailability (demand is less than supply), and excessive inventories, which can increase production costs and maintenance.

2. Seven-Eleven's supply chain strategy in Japan can be described as attempting to micro-match supply and demand using rapid replenishment. What are some risks associated with this choice?

Answer: Seven-Eleven's (Japan) approach of closely matching supply to demand in real-time is fraught with danger in a market that is prone to volatility. The primary concern is the potential for stockouts or excess inventory due to inaccurate forecasting. The unstable nature of consumer preferences and the possibility of unforeseen, disruptive events can lead to supply chains becoming unbalanced very quickly. These discrepancies can result in a number of problems, such as decreased sales, damaged customer confidence, and financial strain from unsold inventory or the requirement for quick restocking. Supply chains must be both resilient and responsive in order to reduce these risks; they must be able to quickly and effectively adjust to unforeseen changes in demand.

3. What has Seven-Eleven done in its choice of facility location, inventory management, transportation, and information infrastructure to develop capabilities that support its supply chain strategy in Japan?

Answer: Seven-Eleven's (Japan) approach of closely matching supply to demand in real-time is fraught with danger in a market that is prone to volatility. The primary concern is the potential for stockouts or excess inventory due to inaccurate forecasting. The unstable nature of consumer preferences and the possibility of unforeseen, disruptive events can lead to supply chains becoming unbalanced very quickly. These discrepancies can result in a number of problems, such as decreased sales, damaged customer confidence, and financial strain from unsold inventory or the requirement for quick restocking. Supply chains must be both resilient and responsive in order to reduce these risks; they must be able to quickly and effectively adjust to unforeseen changes in demand. Table 3-3 in the Case Study illustrates the significant shift in the number of stores from 15 in 1974 to 16,086 in 2013, with Seven-Eleven having the largest store presence followed by the US. Through the analysis of product sales patterns in each store, they have decreased waste in inventory management by better understanding customer demands.

4. Seven-Eleven does not allow direct store delivery in Japan but has all products flow through its distribution center. What benefit does Seven-Eleven derive from this policy? When is direct store delivery more appropriate?

Answer: There are various strategic advantages to Seven-Eleven's policy in Japan, which involves routing all products through distribution centers instead of direct store delivery. This method simplifies inventory control, lessens supply chain complexity, and could result in scale economies for storage and transportation. It is crucial to keep in mind, though, that direct store delivery might be more suitable in situations where products are highly perishable or where demand is incredibly unpredictable, requiring more direct and agile methods of replenishment. In the US, on the other hand, direct store delivery, or DSD, is still preferred.

5. What do you think about the 7 dream concept for Seven-Eleven Japan? From a supply chain perspective, is it likely to be more successful in Japan or the United States? Why?

Answer: Because of the high population density and strong preference for efficiency and convenience in Japan, the 7dream concept, which focuses on an integrated e-commerce platform, is likely to be well received there. The United States presents a unique set of challenges for the implementation of this concept due to differences in consumer behavior, geography, and demographics. To ensure the 7dream concept's relevance and success, adjustments may be necessary due to the U.S. market's wider geographic spread and varied consumer preferences. Given that US retail stores are much farther apart than those in Japan, it might be necessary to spend more on advertising to raise awareness.

6. Seven-Eleven is attempting to duplicate the supply chain structure that has succeeded in Japan into the United States with the introduction of CDCs. What are the pros and cons of this approach? Keep in mind that stores are also replenished by wholesalers and DSD by manufacturers.

Answer: There are advantages and disadvantages to Seven-Eleven's plan to imitate the Japanese supply chain structure in the US, especially with the addition of Combined Distribution Centers (CDCs). By centralizing supply chain management, this strategy seeks to improve product freshness and maintain uniformity in business procedures throughout all sites. The large geographic area of the United States, however, presents difficult logistical issues that complicate supply chain management. Furthermore, there is a considerable chance that the centralized supply chain procedures will not be in line with the various local customer demands and preferences. If the supply chain is not sufficiently adaptable to the demands and trends of the local market, this misalignment may result in inefficiencies and lower customer satisfaction. As a result, even though the CDC model may be advantageous in terms of standardization and control, it must be carefully implemented and adjusted on a regular basis to take into account the distinctive features of the various regional markets in the United States.

7. The United States has food service distributors that also replenish convenience stores. What are the pros and cons to having a distributor replenish convenience stores versus a company like Seven-Eleven managing its own distribution function?

Answer: When a company like Seven-Eleven uses internal distribution, it can customize the supply chain to meet company-specific requirements, improve inventory accuracy, and make sure that product availability is in line with strategic goals. On the other hand, using distributors increases the variety of products available and may simplify logistics, potentially saving money. This decision must be carefully considered, balancing the advantages of logistical and product diversity provided by outside distributors against the importance of supply chain control. It is important to make sure the choice is in line with the company's overall operational objectives and market positioning strategies.