

LAWSON 108

OM201 Final Project

Dr. Panuwong Kumpirarusk



Members:

Benyada	Tansongwut	6002640131
Chanakarn	Vanitchpongphan	6002640172
Dome	Bharinagul	6002640255
Juthanid	Kitiworanon	6002640396
Kalayaporn	Suttisumpun	6002640404
Nantanat	Sereerath	6002640586
Patcharapran	Siripaipran	6002640859

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Company Analysis

Company Overview

Lawson108 convenience store chain operates in Thailand since the year 2013 under the leadership of Saha Lawson Company Limited, a joint venture between Thai and Japanese companies, Sahaphat Group, one of Thailand's leading consumer goods distributor, and Lawson Inc, one of the convenience store franchise giants in Japan. The division of the owners or the shareholders of Saha Lawson Co. Ltd. comprises of 50% belonging to Sahaphat Group, 49% to Lawson Inc. and 1% to Thai-MC Co. Ltd. After operating for 6 years, the number of Lawson108 stores throughout Thailand is around 101 stores according to Lawson Inc.'s 2018 annual report, but the company is also planning to turn some existing 108 Shop convenience stores across Thailand, accounting for 126 branches.

According to Lawson Inc. annual report 2018, Saha Lawson company was still generating an operating loss of 767 million JPY, or around 218 million THB. Furthermore, EMIS database stated that the company's net loss for the period from the latest two year in THB current has decreased by 111.49%. However, database showed that the company's net sales revenue had increased by 12.05%, implying that the company has been showing signs of recovery in terms of sales figure, but still unable to absorb the losses carried over as well as the operating costs.

Lawson108 provides various everyday items ranging from basic groceries, refreshments, and confectionary products. Moreover, Lawson108 also offer its original Japanese snacks such as Odeng, soft-served ice cream, and Bento lunch set to differentiate itself from other players in the industry. Even though the name *Lawson* being well-known to the market as one of Japan's mega-convenient store chains as well as its own product offerings designed to differentiate itself from existing players, Lawson108 is still struggling to compete in such saturated industry with many strong players dominating the market in terms of distribution locations and top-of-mind awareness.

Competitive Landscape in Thailand

The competitive landscape of the convenient store industry in Thailand continues to be dominated by the domestic conglomerate, CP All PCL, under the brand of 7-Eleven, which currently has approximately 10,500 branches in Thailand. 7-Eleven is still on the path to expand its huge network of stores over Thailand and introduced many new services for its

customers, becoming not just a convenient store but a one-stop service store. 7-Eleven enhanced its services through providing customers banking services authorized commercial banks in Thailand. In addition, the store also provides chairs, tables, and an eating corner to improve the customer's experience.

Despite the differentiation it offers as well as being a well-known Japanese brand in its country of origin, Lawson108 only ranked 8th in the Thai convenient store industry, accounting for 0.4% of the total brand shares in the market. Thus, showing that Lawson108's current direction is to not compete with the dominant players with high brand awareness in the market such as 7-Eleven and Family Mart, but to target specific segment of customers and become the segment leader.

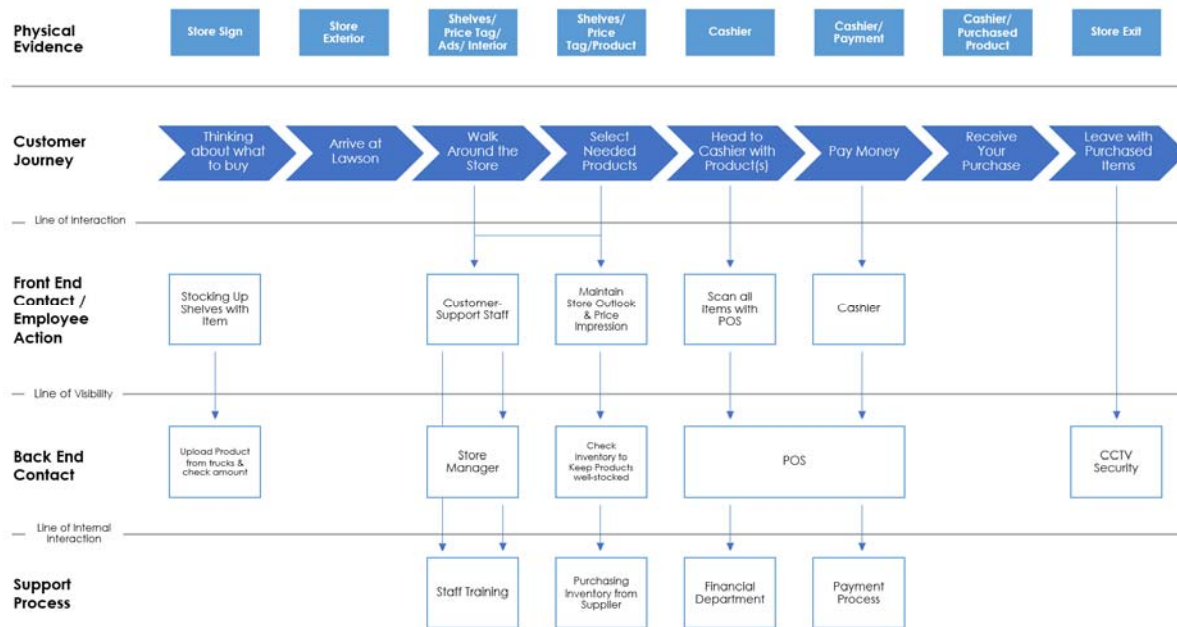
Current Direction

Positioning and Target Market

Throughout the years of operating in Thailand, Lawson108 soon found out that its strategic direction could not compete aggressively and directly with the market leaders, the company decided to adjust its plans. The company decided to retarget and reposition itself from targeting mass market to focusing mainly on branches that have the potential to be successful in specific target segment. The new target segment Lawson108 is trying to acquire is office workers, thus focusing to penetrate into office buildings and strengthening branches in those locations. Therefore, the company's goal of expanding its numbers of branches to 100 stores per year has been adjusted to focus in strategic locations of business sectors in Bangkok.

To facilitate itself in becoming the top-of-mind brand for white collar workers, Saha Lawson has partnered with VGI Global Media to unveil exclusive stores to key mass transportation locations, for instance BTS sky train stations and airports. This partnership establishes an eco-system between the two firms where both would benefit from one another through the use of the Rabbit Card or Rabbit LinePay in these exclusive stores. As a result, Lawson108 stores would be able to cater towards the need of their target segment of busy employees who needed access to freshly prepared meals while under constraint time schedule.

Lawson108 Service Blueprint



Identifying Problems

The identification of potential problems with Lawson108 stores should be identified from the perspectives of both the customers and the staffs. Once obtained the information of the problems occurred, the team will conduct analysis on the causes of such symptoms and provided related solutions and recommendations to tackle with such causes to improve the overall operations experience.

Customer Survey

The method used in conducting survey to gain customer insights about the experiences the customers have from using Lawson108 is google survey. The team developed questions to understand the customer's behavior and perception of using Lawson108. After sending out the survey for the duration of 1 week, 656 respondents responded, of which 53.4% of respondents are females while 46.6% accounts for male samples. There are 6 age ranges: below 17 years old (0.5%), 17 to 22 years old (9.3%), 23 to 30 years old (4.9%), 31 to 40 years old (18.9%), 41 to 50 years old (17.7%), more than 50 years old (48.8%). Furthermore, after analyzing and summarizing the survey, the problems found in Lawson108 stores from the customer's point of view are:

1. Inventory Management
2. Poor Store Layout
3. Product Quality
4. Service Quality
5. Few Branches



Concluding the results of the survey conducted, as shown in the Pareto Chart above, the issue with most occurrence from the customers' is inventory management, followed by poor store layout, product quality, service quality, and lastly few branches. Therefore, to first tackle and improve the operation management efficiencies in Lawson108 stores, inventory management and poor store layout are the major problems Saha Lawson should focus on. As a conclusion, Lawson108 should find out the root causes of the two major problems in order to subsequently provide corrective actions to improve the services Lawson108 has to offer.

In-Dept Interview with Employees

In-dept interview conducted through certain Lawson108 branches was performed to collect information on the operation elements of the store from the employee's perspectives. The branches the interviews were completed consist of Prachautid 76, Susco Rama 2, Paholyothin, Chatuchak, and Chidlom. The collected data from these branches are summarized and analyzed into three categories, ordering process, stock-taking, and the store layout.

Ordering Process

The procedures for the store to reorder the inventory occurs when there is insufficient inventory of certain items where the store manager will be the one who order the goods to be restocked. The goods will then arrive the following day, usually around 3 PM to 5 PM as the store will be packed with customers during rush hours, especially in the morning. The

employees also notably stated that the promotional products are restocked often, which shows that Lawson108 customers are more prone to purchase goods through the use of promotional sales incentives.

Stock-Taking

Lawson108 employees perform stock-taking and update every day manually, not fully integrating the existing system in assisting with the counting. This could lead to several human errors as the method used in checking stock still contains the element of traditional materials, such as pen and paper. This process differs from the dominant player in the market that offers its staffs various devices in assisting with the stock-taking. However, the store checks fresh goods' inventory every 12 hours to ensure the quality of those items to be at standard caliber. Lastly, the branch reports its inventory level to the head office every month for further analysis on the consumer behavior and trends.

The Use of Planogram

For the product arrangements on the shelves, Lawson108 uses “planogram”, a diagram that indicates the thorough products arrangement on shelves, as a reference for staffs to put the products accordingly. The planogram is set by the head quarter specifically for each branch to attract the customer through product placement. In the same way, it will be more convenient for the shopkeepers to allocate the product to the shelf, so they can remember the product's special feature and increase productivity by shortening the time for allocation

Store Layout

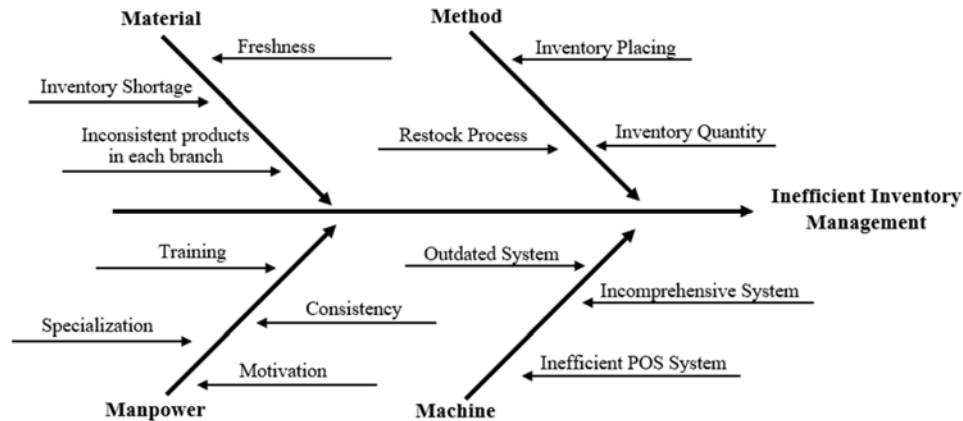
There is a standard format for the store layout, which will be adjusted according to the location the store is situated in. The products' organization on the shelves are positioned in favor of the best-selling items as well as categorizing similar products together. However, some branches report that the employees stuffed the products into any free spaces on the shelves without any consideration for the product's type and the customer's perception. This shows the inconsistent in the standards Lawson108 is facing, which could deem to be stagnating to the brand's growth. Furthermore, the store has limited spacing which resulted in blocking the customers from picking up the goods when the store's staffs are restocking the shelves.

Conclusion

To conclude the in-dept interview performed, most of the issues occurring inside the stores are under inventory management and the poor store layout planning. Thus, with the

validation from both the customer's and the employee's perspective, Lawson108 should take initiatives in tackling the root causes of these symptoms to improve operational activities.

Problem I: Inventory Management



Inventory management is the pain point in many convenience stores. Therefore, to analyze the problems, we separate them into 4 main factors: material, method, manpower and machine, through using a fishbone diagram.

Material

From the customers' points of view, Lawson's problem is inconsistency of products in terms of taste and placement of products. First, since the main Lawson108's goal is delivering fresh foods to customers throughout the 24 hours of the day, products such as oden and boxed meals needed to be restored on shelves more often compared to normal goods as well as make them look fresh and clean. According to our observation, the customers stated that the taste of the odens is not consistent even though they bought at the same time, meaning that employees might only add new lot of products but forget to eliminate the old ones. However, according to our observation by asking a branch's manager, Lawson108's rule is to replace new odens or other daily products every 12 hours and dispose all expired items. Therefore, we think that this problem occurs in rare cases and not in every branch. Another problem is that not all products are available at every branch resulting in customers being unable to find what they want to buy. Customers mostly follow the Lawson108's unique products reviews on the internet then come to the branch in order to buy those specific products according to the reviews. Unfortunately, those products are not available without informing customers through channel of communications such as Lawson108's website, leading to dissatisfaction of customers.

Method

One of the main causes of poor inventory management comes from the process. The first issue that we found out is that the employees has to inspect the inventory in front of the store which blocks the walkway for customers. Moreover, in some branches, the new inventory normally comes in during busy hours causing bad brand image and inconvenient for customers to purchase goods in Lawson108. For example, crates usually obstruct the area in the front of store, causing bad image of store, uncomfortable and inconvenience customers shopping experiences. This issue also creates the problem of insufficient employees since during peak times, many staffs are needed to be at the cashier as well as helping the customers. However, if the stocks arrive during crowded hours, some employees need to count the inventory and restock the goods which is a waste of employees. Another critical issue is currently, every month, the manager is required to submit the summary report to the head quarter for further analysis. However, the since the inventory is ordered on daily basis, the manager is required to order the inventory based on his or her personal judgement. This process may lead to the risk of having too much or too low inventory and wasting cost.

Manpower

According to the interview, employees do not have the long run training system. They have only 5 days of training at the beginning of the work resulting in unspecialized workers in using in-store program. Moreover, the head office does not provide any fixed schedules for a manager in order to allocate works to employees causing the unclear scope of duty for each employee which lead to inconsistent and overlapping performance. For example, sometimes products are in the stock room but are not reloaded on the shelves since the employees don't know whose job is it. In addition, employees lack the motivation to do their jobs resulting in reduction of productivity level which affect the overall services toward customers.

Machine

The inefficient inventory management may come from outdated and incomprehensive POS system. The more technology the better inventory management since it provides more efficient storage and more accuracy of inventory control. However, due to the interview, we found out that the function of POS system in each branch is limited and different from store to store resulting in poor inventory management processes. For example, employees manually check stock list on paper indicating that information of inventory from the POS system is not used in an effective way. Consequently, this will cause the inconsistency and inefficient of work that lead to many problems, such as shortage.

Conclusion

In conclusion, we recognize that improving machine and method can enhance the company's inventory management to be more effective by adopting new technology, making faster inventory flow, reducing workload, increasing sales, and especially increasing customer satisfaction.

Recommendations for Inventory Management

1.1 RFID Tags Gate

To enhance effective inventory management, our team recommended each Lawson108's branch to deploy automated inventory management technology by using "RFID TAGS GATE".

In order to implement this technology, all inventories tagged with RFID tag will pass through RFID tags gate. The RFID tags gate will be able to keep track with the store's inventory with greater efficiency and improved precision and identify different types of data such as types, colors, quantities, expired dates and prices of each product. Through this, it can help improve visibility of inventory by providing real-time updates and faster scanning goods in and out of the store. As a result, the store will acknowledge when inventory enters and leaves the store, processing by automatically adding inventory in when suppliers place additional stock at the store and deducting inventory out after customers purchase products during cashier process and pass through RFID tags gate. Lastly, RFID system can integrate with another computer system: POS system for the firm to be able to reorder inventory automatically. By doing this, it can eliminate the amount of processing time of physically counting and keeping track inventory. With some further recommendation, RFID-enabled point of sale and electronic article surveillance (EAS) systems can be implemented for theft protection by the system sending an alert when products that are not purchased at sales point but pass through the RFID gates.



However, this advance innovation system, RFID tags gate is costly, approximately 48,000 to 64,000 Thai baht per a set per branch. Therefore, the company need to invest about 4,800,000 to 6,400,000 Thai baht in order to install gate to all 101 Lawson108 branches.

1.2 New POS System

As we mentioned above about the problems of machine, our team recommends implementing new POS system which can create the consistency of the system. Currently, a difference program is installed in different branches causing the inefficiency of inventory management. As a result, it affects the workflow of the operation of the whole company.

To standardize the operations, Lawson should install a new POS system. From our research, we found out that the POS system which suits to convenience store needs to have more than recording the sales. It has to help the store to standardize the operation by providing the inventory control and managing employees. By having all of this, our team recommend Vend which is the most appropriate system for convenience store.



Vend is a POS software that offers easy-to-use platform and multifunction to run all the operations. As Vend concentrates more on inventory-based businesses, the software provides inventory management features, including inventory counting, low inventory alert, and automatically inventory order when it reaches the minimum amount of inventory. However, the inventory counting feature in Vend only helps Lawson108 to reduce workload situations and human errors. It does not mean that it will eliminate physical count since it is necessary in order to recheck the actual amount with amount in the system. With this, it will help Lawson108 to prevent inventory shortage situations and reduce the human error from previous POS system that require managers to order inventory by themselves. Moreover, Vend is cloud-based system that allow the head office to access all the critical data such as inventory, sales, and real-time reports. It enables head office to have more control over the branches to standardize the operations. The real-time report will show which products are the most profitable, what are the most popular products of the week and other critical information that can help Lawson108 to have better business decision making and come up with a more accurate business plan. Plus, the cloud-based system can sync inventory between branches which enables the company to manage all inventory in one place instead of individual store. By doing this, Lawson108 will be able to view all actual inventory as a whole in order to identify the opportunities to improve sales and reduce purchasing cost. Vend also has offline functions that enable transactions to continue process during emergency situations such as internet break down. In addition, Vend provides the employee management features by creating accounts for different roles to access different data. It also allows tracking the employee activities and schedules. As a result, with

all of these features, it can reduce the inconsistency of employees' work and no need for specialized employees and make the inventory management more effective and efficient.

By implementing new POS system, Vendl costs approximately 50,000 baht per branch so that about 5,000,000 baht is annually needed to invest in this system which seems to be a high investment for Lawson108 company.

1.3 Distribution Timing

Along with our 2 recommendations for effective inventory management, the company should distribute the inventory during the night hours. According to our observation, Lawson108 will reduce the cost about 10 percent if Lawson108 distribute the inventory at night. Since there is no traffic at night and it can use the most effective route for the distribution. Moreover, the employees should physically check inventory against the computer system once a day after midnight or at the time that is not peak time since our recommendations provide the reliable inventory management.

Recommendation Decision Matrix

Figure 1.1

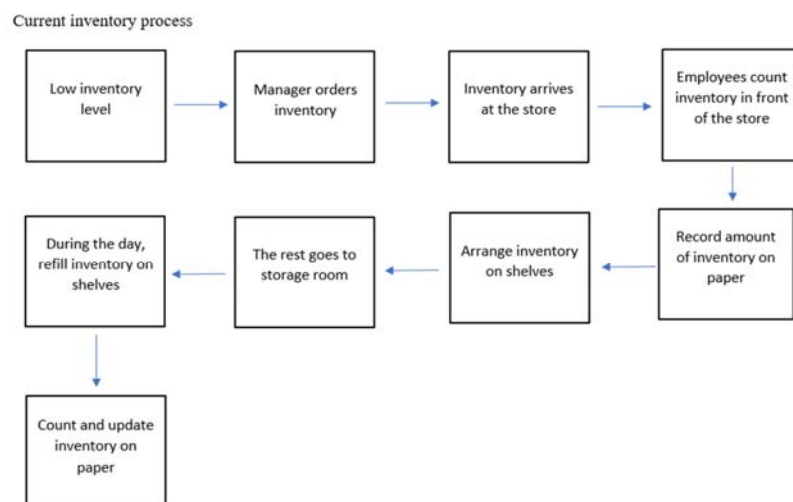
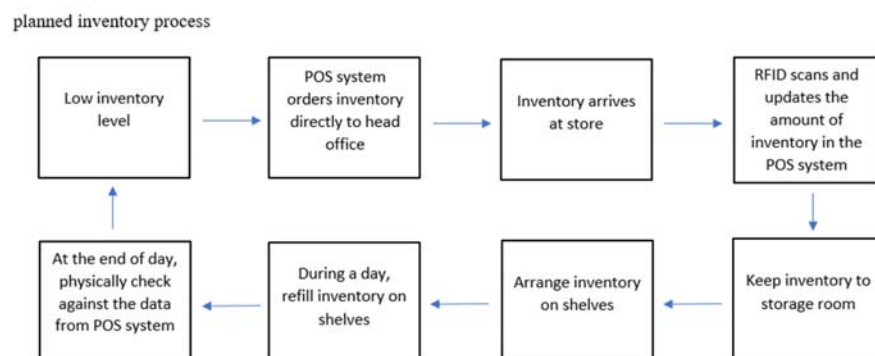


Figure 1.2

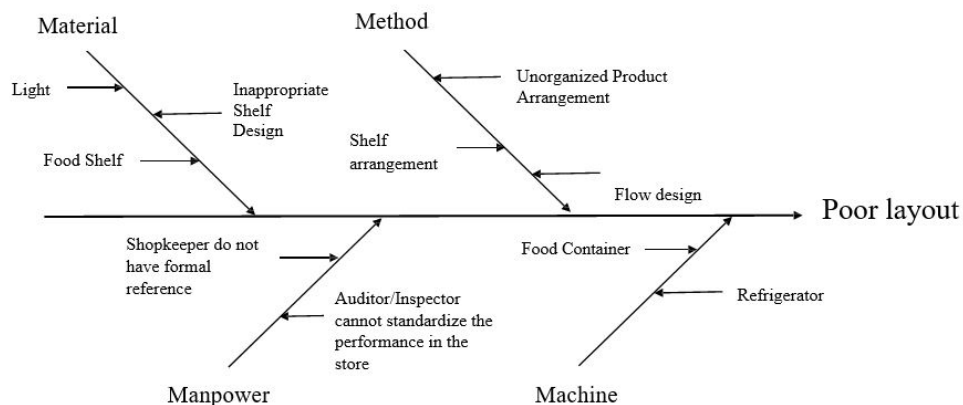


CRITERIA	Recommendation1 RFID Tag Gate	Recommendation2 New POS System	Recommendation3 Distribution and Schedule
Cost Effectiveness	Low	Low	High
Innovation	High	High	Low
Sustainability	High	High	High
Operating system independency	Low	High	High

According to our recommendations, they would help both the firm as well as employees to reduce tasks and gain more effective and accurate operation, leading to systematic and faster inventory management for the company as shown in figure 1.2, compares with figure 1.1. However, we think that choosing to implement POS system is the most optimal investment choice because efficiency is achieved through innovation as well as operating system independence, compared to RFID tags gate which needed to integrate with another system in order to get most out of it. Moreover, rescheduling distribution timing is easy to be adopted and not costly. Therefore, we concluded that combining both POS system, distribution rescheduling will be the most effective solution for the inventory management of Lawson108.

Problem II: Poor Store Layout

According to customer survey collection, majority of complaints about the store is its layout. They complain that the area in the store is insufficient to serve many customers in the



rush hours, morning and noon. To elaborate, they specifically state that the area between the aisles and the area between shelves and cashier are too narrow.

To identify the root causes, we use the cause-and-effect diagram to consider all factors leading to the problems.

Material

The shelf and display case in the store are the key features in order to smoothen the flow in the store. However, the layout of the store including the aisles and shelves do not create a comfortable space for customer. Moreover, the light supported in the store is not effective relative to enhance the product.

Method

The unorganized product and shelf arrangement in the store also generate the frustration of the customers and increase the time spent in store. We see that the space in the store is not fully utilized whereas the customer flow of this store is not yet well-planned.

Manpower

As a result of the insufficient training period in recruitment process, shopkeepers seem to be unprofessional. They do not have the particular or specific tasks in the store making them seem passive. Besides, the inspectors cannot standardize the performance or generate any improvement, as shown in the different frequency of the inspection stated in survey.

Machine

In order to perform restocking, it requires long time to complete the task since the existing fridges and food containers are not well-designed. Consequently, the shopkeepers have to bring the abundant of goods to the front store, causing the restock equipment to block the aisles and longer time to complete the tasks.

Recommendation for Store Layout

2.1 Store Layout Modification

2.1.1 Smoothen the Organized Customer Flow

The importance of flow is to create smooth customer journey throughout the store. Good layout should allow the customer to walk from the front to the back conveniently. This can maintain optimal amount of time spent in the store and increase the chance for customers

to buy more product. It can help balancing between “fast and smooth” flow as same as provision of the space. Additionally, well-organized routing and smooth flow will be able to help the shopkeepers arrange the products faster. Consequently, it would enhance customers’ satisfaction by reducing the traffic while choosing the product, considered to be a disturbance.

As stated in fishbone analysis, Lawson108 is not able to provide organized customer flow by placing unrelated products within the same shelf as well as maximizing the optimal space in the store.

Currently, most of Lawson108 stores apply “**grid layout.**” in which almost every convenience store adopts grid layout because this layout maximizes product display as well as minimize unnecessarily-used area. Grid layout with long aisles, placing impulse purchase product at the front while staple goods at the back, forces the customers to walk pass impulse purchase item in order to reach the staple item that they need. Additionally, Lawson108 should utilize eye-level strategy. The high demand product and promotion product should be assorted within the shopkeepers’ eyesight in order to maintain the product availability, and this can help attract the customers.

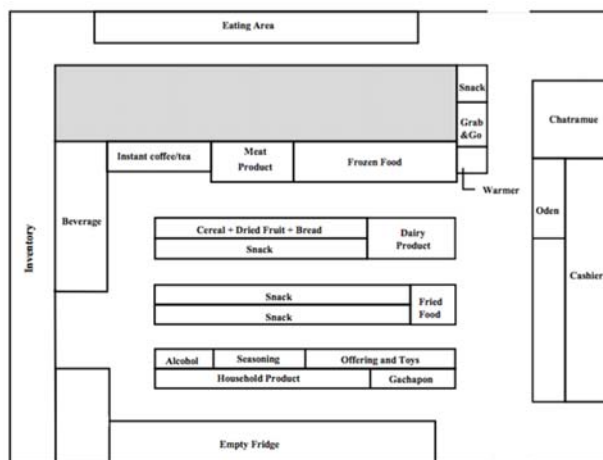


Illustration of the existing layout of Lawson108 at Mercury Ville Chidlom

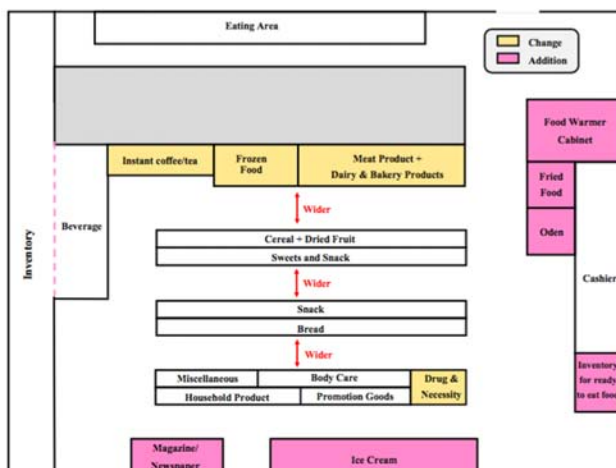


Illustration of the improved store layout based on Lawson108 at Mercury Ville Chidlom

2.1.2 Product Arrangement and New Container

Shelf and Product Arrangement

Lawson108 should improve how it categorizes the shelves and products to be more systematic. As can be seen in figure 1.1, the shelves for same products such as snacks are scattered and seem to be unorganized. Moreover, there are many shelves provided for irrelevant products such as gachapon, monk offerings, and toys which is a wasted area. Hence, the solution recommended is to group the similar product altogether in the same shelf whereas the product assortment within the same shelf should be developed as well.

Food and Beverage Container

The best operation management should have least movement as we think that the less the shopkeepers move, the more they can work efficiently and can reduce human error, we recommend Lawson108 to change food and beverage container.

For food container, it should be redesign in order to be able to open from both sides, so customers can grab the ready-to-eat food at a point, and the shopkeepers to manage the product to be sufficient for customers. Furthermore, the shopkeepers can observe the product at all time, hence they can fill the product into the cabinet in the rush hour without disturbing the customers and having to walk out of the cashier.



For beverage container, taking 7-Eleven as example, the backside of the fridge should be open and connected with the inventory since the existing ones are located separate from the inventory. To elaborate, the front beverage will be cooler, comparing with newly filled beverage at the back.



2.1.3 Shelves Modification

Apart from efficient and well-structured shelves arrangement and more effective food storage, another key factor to improve the store layout is to increase the capacity of current shelves to maximize the volume each product could be placed.



Picture 2.1



Picture 2.2 Current Lawson's Shelves

From our group survey, Lawson uses only one type of shelves, Gondola shelves, to present all of its products. Moreover, the shelves dimension are 160 centimeters in height, 120 centimeters in width, and 30 centimeters in depth (Picture 2.2).

From picture 2.3, Lawson loosely fills products in the shelves. It is obvious that there is space available between the area above the products and the racks. Moreover, Lawson uses these shelves for most of its products in various sizes, ranging from a chocolate bar to a big-size snack. This creates the problem of idle space on the shelves and ineffective presentation of products. Since various shape and size of the products may be suitably presented in different ways.



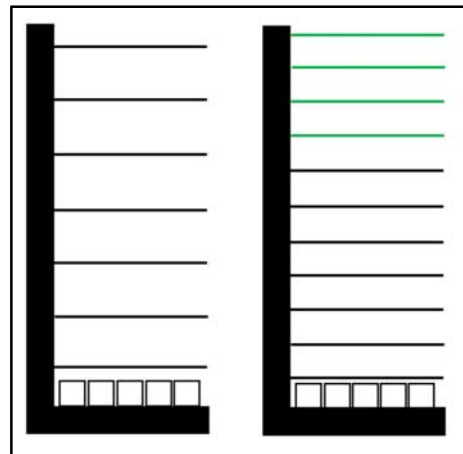
Picture 2.3

To optimize space usage on the shelves, Lawson could possibly maximize the shelves area by reducing the idle space in each shelf, as well as apply the right type of rack suitable for products. By doing these, Lawson will be able to maximize its shelves utilization which

requires less space for the same number of products on the shelves and will result in a wider walkway. All in all, the store will look more comfortable and will improve customer experience inside the store.

Reduce the Idle Space in Each Shelf

Due to the problem of idle space, the proportion of idle space on each shelf is currently around 40% to 50% of the distance between racks on average. To illustrate more, from picture 1.2, each shelf height is approximately 20 centimeters and it is filled with 10-cm height products. It is obvious that there is a noticeable area left of around 10 centimeters between the product and the rack which indicates inefficient use of shelves. In this case, if we could reduce this idle space to 3 cm, approximately spare space enough for products to fit properly with space enough for a hand to grab products conveniently, we could possibly add 4 more racks on to this particular shelf. In other words, Lawson would be able to maximize the arrangement of its shelves with approximately 50% additional racks on the shelves.

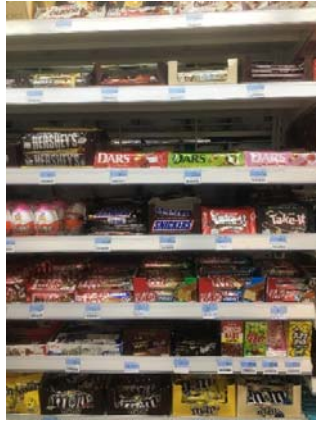


Picture 2.4 Shelves Illustration

Therefore, assuming the same size height of shelves, Lawson will have more capacity in each shelf to display the products. This implies that Lawson will be able to reduce number of shelves to allow more open space in the store.

Apply New Rack Type

Currently, Lawson has a flat rack that supported more than 80% of its products including small, medium, or big-sized of candy, snacks, pharmaceutical products, and etc. With this flat rack, they partially support product facing, a method to display the products with the logo facing outward, for some types of goods but leave the others on the shelves being less eye-catching.



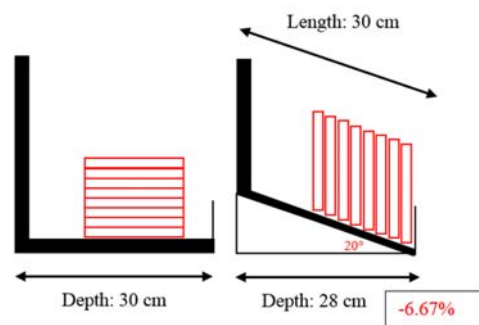
Picture 2.6



Picture 2.7

For further explanation, Lawson uses the flat rack for its Gondola shelves, which is suitable to support products with a hard-flat surface or box-shaped products, such as canned products. So, these products can be easily and stably put on the shelves. However, since Lawson chooses to use this flat rack for all of its products, some of them may come in a soft packaging, or too thin to be placed alone. Example of these products are chocolate bars, candies and chewing gum. Therefore, they are placed horizontally with their logo facing upwards, resulting in them being less noticeable by the customers.

Due to this issue, the thin product category can be handled by altering the slope of its racks. Since the width of some products is thin, they cannot vertically stand on the shelf. So, it is better to present the candy box on a downslope rack and let the boxes stacked by another and facing their logos more to the front of the shelves, against the customers. Moreover, by adjusting the rack slope, it is more conveniently to insert and take out due to the stack will move forward against the front with the force of gravity. All in all, Lawson can save time to stock up and arrange products on the shelves, better product visibility, and most importantly, saving the space extended from the shelves body by 6% while being able to maintain same width of the rack. This further maximizes the utilization and provides Lawson with a more comfortable atmosphere.



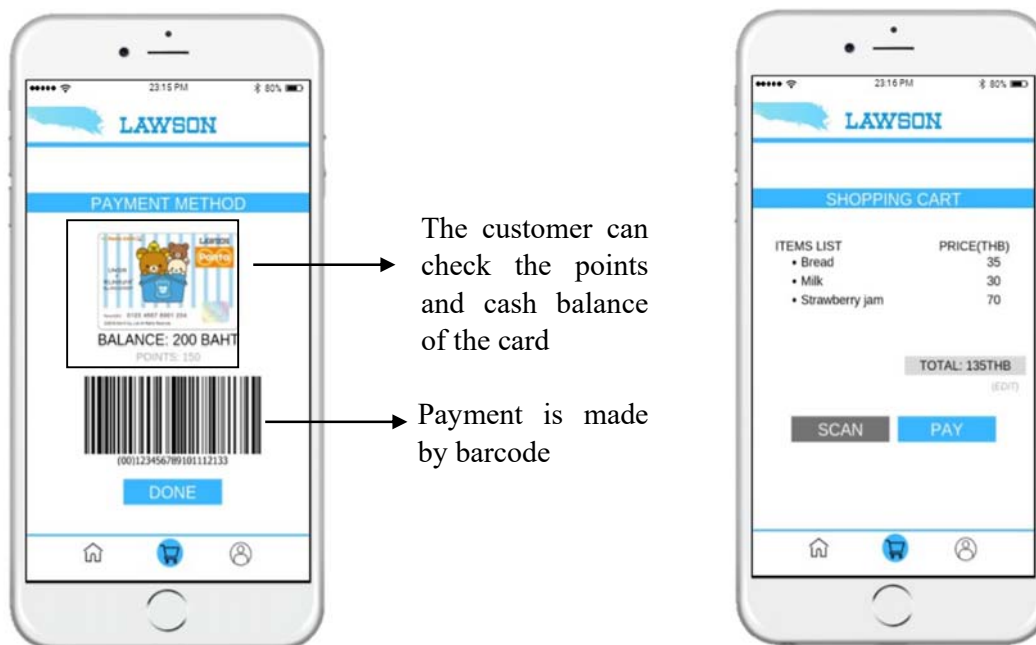
Picture 2.8 Side View of the Shelves

2.2 Lawson108 Application



One of the root causes of the unpleasant atmosphere that customers feel when in store may be due to the unsmooth customer journey around the store. According to our survey, customers claim that they normally cannot find the products that they want and especially during peak times, customers usually cluster around the cashier which blocks the walkway in the store. So, to create a more seamless and interesting journey for customer by introducing Lawson application. The application will create a new experience for customers by enabling self-scan cashier, digital payments, product searching features as well as tracking reward system.

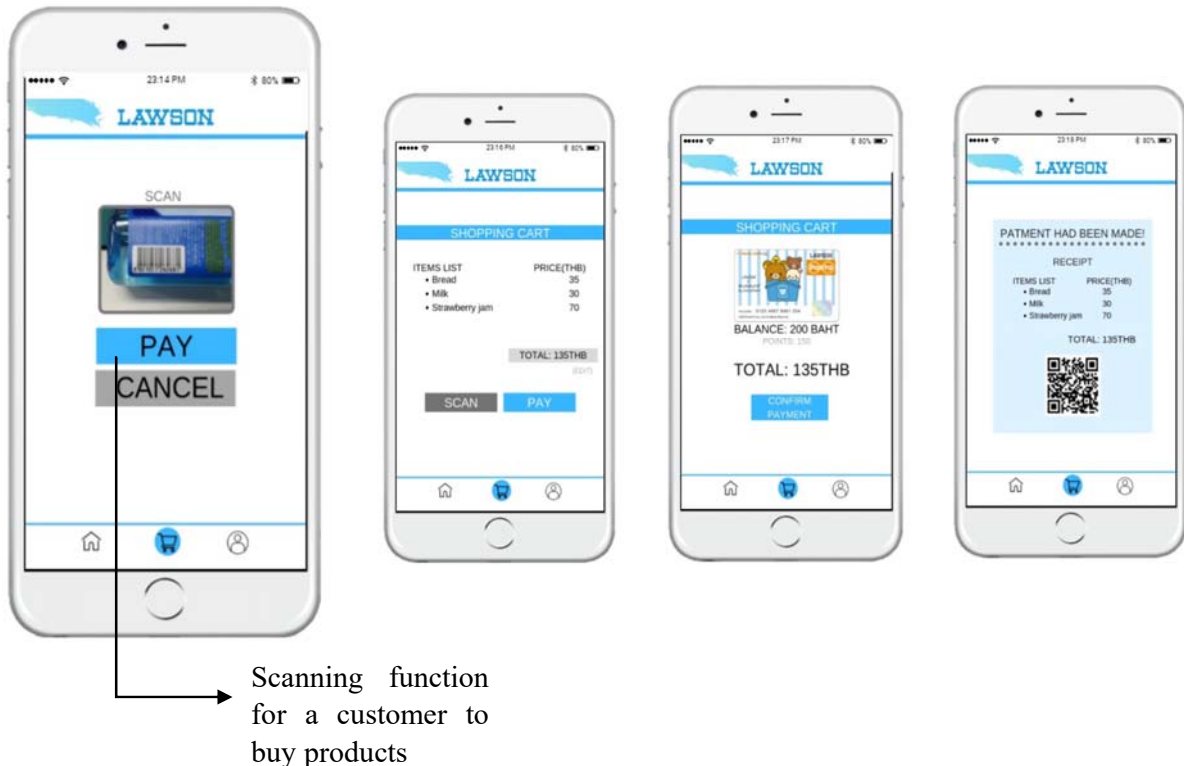
Digital Payments



With the application, the customer can create a membership and choose to pay by Lawson108 membership card. Once they pick up all the goods, they can go to the cashier and then let the cashier scan the barcode on their phone and finally the payment transaction is completed. There will be a confirmation of payment by showing the

receipt on the screen and it will also automatically save the photo of the receipt into the phone's gallery for further reference. This payment method can be done within seconds which will create a smoother flow of customers as well as to prepare Lawson108 for the future trend of cashless society.

Self-Scan Cashier

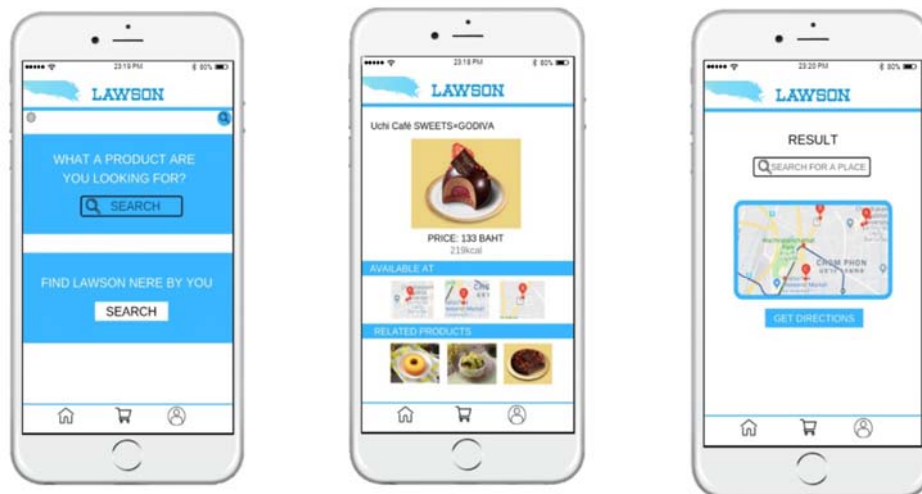


The self-scan cashier feature enables the user to scan the products by himself using the scanning function in the application. It's easy for customers to scan barcodes, pay for the products they buy, and leave the store without ever touching a cashier. The scanned products will be added to the shopping cart and the customer can add or delete the items as they want. After the customer has scanned all the products, they will pay by the digital payment but this time, without having the cashier to scan the barcode on his or her phone. After the customer confirm the payment, it will automatically be paid according to Lawson membership card. This feature will reduce some traffic around the cashier during busy hours and also free up some man power to help customers.

For security concerns, the self-scan software can notify the store security system once the payment is made, allowing customers with approved items to leave the store without triggering the alarm. The available technology provided by many software

providers, such as MishiPay, ensures that if a customer tries to walk out without paying, the store alarms will immediately sound. Since the security of Lawson is not completely implemented in every branch, we suggest that Lawson should start implementing the self-scan system in some of the branches with Electronic Article Surveillance (EAS) system to ensure that the system will work as expected.

Product Searching



This searching feature will allow customer to search about the products they are looking for. They can type in the product name, then the application will come up with the branches nearby the customer with the product availability in the branches. Moreover, the customer can use location-based searching to look for Lawson108 branches, they can type in the location and see the branches around that location or let the application locate them and then suggest the nearby branches. The list of the branches will be compliment with the map of each branch which can be linked to Google Map directly. This is to help customer be able to find the goods that they want and to create a smoother experience for them.

Tracking Reward System



Since users are required to create a membership before using this application, there will also be a reward system and programs integrated into the application. Customers can collect points on every purchase in Lawson108 and can use it to exchange with promotions or souvenir depending on the promotions and conditions. With the reward system, it will encourage customers to register for the membership.

The application can be used to evaluate the branch performance by pop-up evaluation for customers after their purchases. It can be simply the question of “please evaluate the overall satisfaction of Lawson108 services”. On top of that, Lawson108 will gain customers’ insights about the products they buy and their interest for further analysis and marketing plan. Moreover, the application acts as a digital marketing tool, enabling customers to see best-selling items, new items, or promotion ahead of time and create interests in new products or promotions. The application will add new and interesting experience to customers while creating customer engagement and satisfaction.

Recommendation Decision Matrix

Criteria	Recommendation 1 Store layout modification	Recommendation 2 Lawson108 Application
Cost Effectiveness	High	Low
Innovation	Low	High
Sustainability	High	High
Enhance customer experience	Moderate	High

So, we suggest that Lawson108 to implement the application first as it can better enhance customer experience as well as smoothen the flow of the operation. Even though Lawson108 application is not as economical as the layout modification but we believe it can generate greater impact to increase customer satisfaction in the store.

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