

THE EFFECT OF ONLINE FOOD DELIVERY SERVICE TO CHAIN CONVENIENCE STORE (A STUDY OF 7-ELEVEN STORES IN BANGKOK)

Miss Parita Varanusart 5904640090

Mr. Chanon Rungruanglit 5904640389

Mr. Thanabordee Chatchavalnanont 5904641262

Section I: Introduction

As the lifestyle has changed in modern life, one of the key success of operating business is to provide convenience to customers. 7-eleven one of the success chain convenient stores that has long been provided convenient to customers by allowing buyers access to the shop a few steps away from their place. The stores do not only provide convenience by building appropriate locations but also the innovation in products and services which shorten customers' time in doing certain activities. The store's main revenue comes from food products, consuming 70% of total revenue. Ready-to-eat food has become more popular with the present active lifestyle. Currently, 7-eleven have over 10,000 branches in Thailand which there are approximately 11 million people using the service each day. This statistics alone can show us that 7-eleven has been very successful for over decades.

However, the convenient concept of 7-eleven has been challenged recently with the growing trend of food delivery service. As technology disrupts such as Grab and GET, the application provides multi-service including transportation and food delivery allowing users to get service within one click from home. Since it is offered to the market, it develops customers' level of convenience from “a few steps from home” to “order from home”. There is no need for customers to step out from their place to get any kind of service they want. This expands the choice of service and saves customers time at the same time.

In this paper, the central question is: Does online food delivery service affect the chain convenience store? Our study will analyze the impact of food delivery service to chain convenience stores (7-eleven) focusing on food products which is the main revenue stream of 7-eleven stores.

Section II: Review of Literature

Thailand internet usage & online spending

Thailand is the world leader for time spent on the internet and mobile internet per day due to a higher use of social media and the popularity of online video consumption. The internet user growth is 24% year on year. According to the 'Digital Global overview', Thais spend the most time on mobile internet at 4.56 hours, followed by Brazil, Indonesia, the Philippines and Nigeria at 4.21, 4.17, 4.13 and 4.05 hours respectively. The higher use of the internet can indicate the changing in living way and behavior (Leesa-Nguansuk,2018).

From the total annual amount globally spent on consumer e-commerce by categories, the biggest amount belongs to Fashion & Beauty followed by Electronics& Physical media and Food& Personal care. Nevertheless, a study of IGD Research tells an even more bullish story, with the company forecasting compound annual growth rates (CAGR) of more than 50 percent in Thailand's online grocery sector over the coming years. Online shopping in Thailand will account for close to 2 percent of Thailand's total retail market by 2022 (Simon & Sarah,2019).

The coming of food delivery business

At the present time, the food delivery business has gained its popularity in the light of convenience. It does not only provide absolute convenience for time-poor consumers but also enlarge its opportunities for entrepreneurs. The industry has been evolving respectively to the development of technology together with the change in Thai consumers' behavior on mobile internet. Before online food delivery has arrived, traditional food delivery service is done by phone calls giving consumer enjoyment of reducing his traveling cost. Thanks to technology disruption, online food delivery was introduced to the market in the form of a website or mobile application, such platform provides consumers more than just a decrease in transportation cost but also a variety of choices.(Kittanadeachakorn, 2017)

According to the survey conducted by K-Research, the result shows that 63 percent of the surveyees agree on the arrival of food ordering application has shaped consumer behavior. Consumers dine out at restaurants less but order food through online application progressively. Although some restaurants might have fewer guest visits by the effect of online application but it

does not necessarily mean that those restaurants will stop operating. As they also gain opportunities from the positive effect of the boom of online food delivery, restaurants become visible and interact more to consumers. (kasikorn research.com, 2019)

Convenient store

Among all types of modern retail stores, convenience stores are becoming the king in modern trade channels. This includes 7-eleven, Family Mart, Max Value etc. There are a total 15,300 convenient stores in Thailand which the largest players in the market are 7-eleven (10,268 outlets) followed by Family Mart (1,138 outlets). The reason for growth is due to the falling in country's' average household size causing lower volume in daily consumption necessities. Another reason is traveling cost, even if the price of products in convenient stores are competitive, compared to large stores but after adding traveling cost into consideration, the overall cost may be higher. (DKSH, 2018)

Additionally, the competition with convenience stores is expanding. They not only compete among convenient stores like it used to but they are also challenged by quick-serve restaurants, drug stores and small grocery stores. Development of technology and an increase in customers' desires are what shape industry toward technology adoption. The quality and variety of prepared food are top tier attributors that drives brand equity. The innovation on product especially food to match on-the-go consumers lifestyle and connect the need on personal level are consider necessary for business sustainability (Refrigerated&Frozenfoods, 2019)

Change in consumers purchasing behavior

Consumers purchasing decisions occur where commodity and convenience costs are at minimum. For retailers to be successful, One important factor has mentioned is place convenience which if the sellers can maximized place convenience advantages by locating close to consumers and able to reduce buyers convenient cost, buyers will be more impressed with the brand even more than the well-known brand with dislocating according to Eugene J. Kelly. This makes retailers with good location become more popular among customers.

However, Online platforms have changed consumer behavior significantly toward purchasing behavior. It helped customers to enhance their purchasing experience through a more convenient process. There is no need to reach particular retailers to get product/services. The problem of the difficulty in getting products/services depends on where they live and the scarcity of time in fast pace society has been solved. The more benefits they get by using the platform has changed consumers' perception about the purchasing process. (Kittanadeachakorn , 2017).

In Thailand, the most participation on E-commerce falls in Gen Y(17-36 years old) , followed by Gen X (37-50 years old) and Baby boomers (51-71 years old) respectively which different segments are looking for different benefits. Therefore, Thai people have a positive attitude towards online platforms in a way that they believe it provides opportunities rather than harm but there are still largely concerned about fraud activities (commonwealth of Australia, 2018)

Section III: Methodology

1) Data collection

1.1 Primary Data

The data will be collected from the sampling group through an online questionnaire.

1.2 Secondary Data

The data will be collected from the existing paper, research and information on the internet which is able to use as reference for analyzing the outcomes.

2) Research Variables

2.1) Dependent variable (Y)

2.1.1) Spending amount at 7-11 store

2.2) Independent variables (X)

2.2.1) Time

2.2.2) Price

2.2.3) Promotion

2.2.4) Age

2.2.5) Income

2.2.6) Frequency of using food delivery service

2.2.7) Location

2.2.8) Place

Reference

- Anusorn Phopipat (May 10,2018). A study of the influence of mobile foodie applications restaurant selection decision. Retrieved from http://ethesisarchive.library.tu.ac.th/thesis/2017/TU_2017_5902040483_8423_6789.pdf
- Eugene J. Kelly (n.d.) The importance of convenience in customer purchase. Retrieved from <https://www.jstor.org/stable/1248014?read-now=1&seq=1>
- Kasikorn Research Center (May 22,2019). Competition among food delivery apps continues to push the food delivery business to THB33-35 billion in 2019. Retrieved from <https://kasikornresearch.com/en/analysis/k-econ/business/Pages/z2995.aspx>
- Luke Horton (n.d.) The rise of convenience stores in Thailand: what's the impact on brand owners? Retrieved from <https://www.dksh.com/global-en/insights/the-rise-of-convenience-stores-in-thailand-what-is-the-impact-on-brand-owners#accordion-1412284612301-1-collapse>
- Refrigerated and frozen foods (November 25,2019) Study reveals 7 important factors set to shape the future of convenience retail. Retrieved from <https://www.refrigeratedfrozenfood.com/articles/98793-study-reveals-7-important-factors-set-to-shape-the-future-of-convenience-retail>
- RNCOS: Business Consultancy Services (March,2016). Thailand convenience store outlook Retrieved from <https://www.rncos.com/Market-Analysis-Reports/Thailand-Convenience-Store-Market-Outlook-IM822.htm>
- Simon Kemp and Sarah MOey (September 18,2019). Digital 2019 spotlight: Ecommerce in Thailand. Retrieved from <https://datareportal.com/reports/digital-2019-Ecommerce-in-thailand>
- Suchit Leesa-nguansuk (February 6, 2018). Thailand tops internet usage charts. Retrieved from <https://www.bangkokpost.com/business/1408158/thailand-tops-internet-usage-charts>
- Suchit Leesa-nguansuk (February 19, 2019). Thailand tops digital ranking. Retrieved from <https://www.bangkokpost.com/business/1631402/thailand-tops-global-digital-rankings>

Thanakrit Kittthanadeachaorn (May 8,2017) CUSTOMER BUYING DECISION
PROCESS USING ONLINE PLATFORM FOR ONLINE FOOD DELIVERY
IN THAILAND. Retrieved from [http://ethesisarchive.library.tu.ac.th/thesis/2016
TU_2016_5802040971_6042_4649.pdf](http://ethesisarchive.library.tu.ac.th/thesis/2016_TU_2016_5802040971_6042_4649.pdf)

Utaisuk (August 10,2016). ปัจจัยความสำเร็จของร้านเซเว่นอีเลฟเว่น ทำอย่างไรจะเป็นที่หนึ่ง
Retrieved from <https://utaiacademy.wordpress.com/2016/08/10/ปัจจัยความสำเร็จของร้าน>

<https://www.refrigeratedfrozenfood.com/articles/98793-study-reveals-7-important-factors-set-to-shape-the-future-of-convenience-retail>

<https://www.dksh.com/global-en/insights/the-rise-of-convenience-stores-in-thailand-what-is-the-impact-on-brand-owners#accordion-1412284612301-1-collapse>

<https://www.rncos.com/Market-Analysis-Reports/Thailand-Convenience-Store-Market-Outlook-IM822.htm>