

INDUSTRY INSIGHT: CONVENIENCE STORES



Consumers now have more dining options

Are Cheers and 7-Eleven taking on hawker outlets?

Singapore's convenience stores now offer premium meals and are trialing self-service checkouts to cope with the debilitating manpower crunch.

The two biggest convenience store chains in Singapore recently launched new technologies to compensate for their staffing needs and increase productivity. 7-Eleven Singapore, which has 438 stores island-wide and processes 9m transactions monthly, is in the midst of launching 7-Connect Kiosk, a self-help machine for quicker and more efficient bill payment.

They also employed tap-and-go payment such as PayWave to reduce cash transactions.

Store transformations

Steven Lye, 7-Eleven Singapore chief operating officer, explains why such improvements are being rolled out. He says, "Understaffing is a constant issue within any retail industry. We are in the process of implementing pertinent services such as a self-service check out kiosk and bill payment kiosks."

Lye shares that 7-Eleven is in the process of retrofitting its stores to

The system eliminates the need for staff to manually count cash at the end of each shift, thereby saving up to 30 minutes each day.



be more contemporary, and new outlets will include dining areas and parcel collection points. "We have also refreshed our stores with a fresh and brighter look. Some of the larger stores also have seating or standing areas for customers to consume their meals in-store," Lye says.

Putting seating areas and tables inside convenience stores is popular in countries like the Philippines where more food is served up, but is relatively new to Singapore.

As a result of the new designs, future 7-Eleven stores will need a footprint of at least 800 sq ft. This could mean that smaller hole-in-the-wall convenience stores will be under pressure.

The ease and woes of automation

These moves were no different for 7-Eleven's rival, Cheers. The store chain's general manager, **Victor Cheong**, has opted for the iCash System to streamline the company's 3m monthly transactions. iCash involves the customer putting cash into a machine and the machine then dispenses change, meaning the cashier never has to touch the money.

"This takes the burden of handling cash away from staff, increases accuracy in accepting and dispensing change, which in turn improves customer satisfaction," Cheong stresses. "The system also eliminates the need for staff to manually count cash at the end of each shift, thereby saving up to 30 minutes each day."

This technology is installed in 25 of their 152 outlets island-wide. Cheers also deployed NET's self-service kiosks that provide convenience to consumers with a wide range of financial services such as bill payments and top-ups.

Through innovation and automation, according to Cheong, service staff are able to lighten their load and at the same time focus on more value-added work such as customer service. "These allow us to enhance the convenience store experience for customers without taxing manpower staff, closing the manpower shortage gap," he explains.

However, there may also be a limit to technology when it comes



Outlets are no longer just about selling items on the go

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to convenience stores, with complete self-service checkout solutions like those used in supermarkets harder to implement, argues Euromonitor International research manager **Adhitya Nugroho**. “Although self-serving counters are becoming more visible in supermarkets/hypermarkets in Singapore, convenience stores have its own challenges to implementing such technology,” he states, citing security as one of the major issues.

Cheers has also been busy revamping its service station concept, which started with Esso 14 years ago. Its FairPrice Xpress and Cheers stores at Esso service stations have partnered TCGC Pte Ltd, a consortium of local brands, to provide a new line of ready-to-eat meals that are of good quality and value. “We will be looking to also bring this new range of ready-to-eat meals to the rest of our stand-alone convenience stores,” Cheong says.

Ready, set, eat: Turning Japanese

But it's in food where the two biggest convenience store chains in Singapore are really changing their offering. With their respective taglines, “Adds more to life,” at Cheers and “There's always 7-Eleven,” only one thing is running in their minds: How can they attract people who are always on the go?

As it turned out, the answer was easy. Euromonitor International's Nugroho points out that convenience stores in Singapore are following the footsteps of other countries especially Japan, where ready meals mix have gained traction. “Due to higher volume of ready meals sales, the players are able to price their offering to be more competitive with other food service providers such

as fast foods and hawker centres as an alternative place to buy food and beverages, particularly in the wee hours,” Nugroho explains.

Although the two convenience store chains are already offering some ready-to-eat meals, it was only recently when they adopted Japan's ready meals mix trend. Lye shares that his local team is closely working with 7-Eleven's Japan arm to develop ready-to-eat meals. They launched this line just last October. “They are the best team to advise us on the transition as they have been bringing quality pre-packaged meals to their customers for many years,” Lye says, stressing that the new trend will form a significant portion of their total store sales.

Currently, their outlets offer a myriad of ready-to-eat meals in local flavours such as Hainanese Chicken Rice, Braised Duck Rice, Butter Chicken Biryani, and Carrot Cake. “We also have a premium range of Japanese pastas – Spaghetti Al Funghi with Mentaiko, Spaghetti Neapolitan, and Vegetarian Spaghetti. For dessert, we also have a Chocolate Lava Cake which has proven to be very popular. Other items include fresh chilled sandwiches and Japanese onigiri,” Lye mentions.

Tapping homegrown brands

It is not so different with Cheers, which has partnered with TCGC Pte Ltd in November to provide consumers with convenient and ready-to-eat meals. With the partnership, Cheers is able to offer ready-to-eat meals from The Common Good Company, The Soup Spoon, Udders, PastaMania, and &Will to its 154 outlets across the



Stores might just give hawker outlets a run for their money



Adhitya Nugroho

city-state.

Cheong notes that Cheers is utilising the vacuum skin packaging technology, which ensures preserved flavour and colour, keeps portions fresh and unmixed on the tray, and extends shelf life with no compromise on nutrition. “The offerings serve to change mindsets of RTE meals in the industry as an alternative quality meal occasion, through tapping on state-of-the-art technology and innovation,” he stresses. As the concept of ready-to-eat meals gains popularity in the city-state, Nugroho thinks having a range of exclusive products to differentiate itself will help attract more traffic into the stores.

More so, he suggests that the two convenience stores could also tap into offering freshly brewed coffee, as Singapore consumes one of the highest total volumes per capita for coffee in Asia. “Convenience stores in Singapore could tap into this exciting area by offering value-for-money freshly brewed coffee in the stores. Freshly brewed coffee is quite a common offering in other developed countries such as Taiwan, South Korea, and Japan,” Nugroho says.

He also argues that convenience stores need to be able to balance between location and product mix to improve profitability. Commenting further, Nugroho cites advantages of the convenience store format, such as smaller selling space – impacting rent – and less labour-intensive operation. *By Kiersnerr Gerwin Tacadena*



Local brands come together to offer a new line of ready-to-eat meals

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