

Managing Convenience

This article looks at convenience store management in queuing and membership programs. While many traditional offline stores have failed under the threat of e-Commerce and most recently the Covid-19 pandemic, convenience stores managed to buck the trend with quick expansion and strong same-store sales growth in Asia.

Convenience stores represents 35% of the brick-and-mortar retail universe tracked by Nielsen in the United States. To our great surprise, previous marketing and management studies almost all focused on consumer behavior in supermarket settings. No academic research paid attention to customer experience in convenience stores. And such work is crucial to US retailers today.

US retailers shut down as many as 12,000 stores by end of 2019, and the number is expected to jump to 15,000 in 2020. Bleak retail sector reports from the US Bureau of Labor Statistics showed that 2.1 million jobs were lost in retail in April.

Part of the explanation for traditional retail chains' difficulties is the continuing rise of e-Commerce and inevitable fall of suburban malls. Even with price matching policy offered by traditional retailers (e.g., BestBuy), consumers still enjoy the convenience of shopping on their computer or smartphone and avoiding physical trips.

Convenience stores seem to be the survivor at this "retail apocalypse", with its two defining characteristics: *Convenience*, which refers to quick purchase of daily necessities that save consumers time and effort, arising from stores' advantageous locational proximity and time flexibility that even online delivery services cannot match; and *Loyalty* management, which builds on frequent transactions of low ticket value products to retain customers. Two things combined, convenience stores often can play up margins with less price-sensitive members, and survive battle with online players like Amazon.

Therefore, effective management of queuing (as a major source of inconvenience) is more important in convenience stores than in any other retail or service formats previously studied. Even a 30 second longer wait may lead to a customer churn. Furthermore, membership

Retailing experts suggested that the trend of convenience stores is to fit the lifestyle of Gen-Z families to save time and effort,

