

ถิ่นฐานภูมิลำเนาของเขเวนอีเลฟเวนในกรุงเทพฯ



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THE LOCALIZATION OF SEVEN ELEVEN IN BANGKOK

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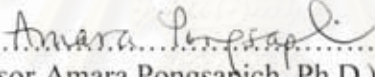
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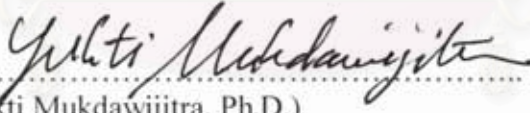
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แซชเชอรี แจ็ค บูเทล: ถิ่นฐานภักดิ์ของเซเวนอีเลเฟเวนในกรุงเทพฯ (THE LOCALIZATION OF SEVEN ELEVEN IN BANGKOK) อ.ที่ปรึกษาวิทยานิพนธ์หลัก: ผศ. ดร. นิติ ภวัครพันธุ์, 127 หน้า

ปัจจุบันร้านสะดวกซื้อเซเวนอีเลเฟเวนถือเป็นธุรกิจแฟรนไชส์ที่ใหญ่กว่าทุกๆ ธุรกิจอื่นใดในโลก ซึ่งใหญ่กว่าร้านแมคโดนัลด์เมื่อเทียบด้วยจำนวนสาขา การที่ธุรกิจเซเวนอีเลเฟเวนเป็นผู้ทำการตลาดข้ามชาติ และเป็นผู้จัดจำหน่ายสินค้าและบริการในรูปแบบที่ทันสมัย โดยทั้งหมดจัดทำเป็นการบริการที่เน้น “ความสะดวกซื้อ” ทำให้กลายเป็นธุรกิจแฟรนไชส์ที่มีความโดดเด่นที่มีอิทธิพลต่อผู้บริโภคและรสนิยมในภูมิภาคต่างๆ ของโลก ในประเทศไทย โดยเฉพาะในกรุงเทพฯ กลุ่มธุรกิจเครือเจริญโภคภัณฑ์ (ซีพี กรุ๊ป) ซึ่งเป็นหนึ่งในบริษัทข้ามชาติของไทยที่ประสบความสำเร็จมากที่สุดและยังเป็นหนึ่งในบริษัทธุรกิจการเกษตรที่ใหญ่ที่สุดในโลก ได้นำตราแฟรนไชส์ “เซเวนอีเลเฟเวน” มาดำเนินกิจการกรุงเทพฯ ได้กลายเป็นศูนย์รวมร้านเซเวนอีเลเฟเวนที่หนาแน่นมากที่สุดเมืองหนึ่งในโลก ดังนั้น ธุรกิจแฟรนไชส์เซเวนอีเลเฟเวนจึงกลายเป็นธุรกิจหลักในแผนกิจการล่าสุดของ ซีพี กรุ๊ป ที่จะช่วยผลักดันในบริษัทที่มีความเจริญเติบโต และสามารถแข่งขันในระดับนานาชาติได้ นับตั้งแต่ที่ ซีพี กรุ๊ป ประสบปัญหาภาวะหนี้สินจากวิกฤตการเงินเอเชียที่เกิดขึ้นในปี 2540 วิทยานิพนธ์นี้ถือว่า การที่ ซีพี กรุ๊ป ดำเนินแผนกลยุทธ์ที่ทำให้ตนเองมีสิทธิขายแฟรนไชส์เซเวนอีเลเฟเวนได้เพียงผู้เดียวมาตั้งแต่แรกเริ่ม ทำให้เกิดอิทธิพลต่อรสนิยมการบริโภคอาหารท้องถิ่น และการรับรู้และเข้าใจความคิดเรื่อง “ความสะดวกซื้อ” นอกจากนี้ ยังมีสิ่งที่สำคัญเท่าๆ กัน คือ การที่ผู้บริโภคในท้องถิ่นมีบทบาทในการกำหนดสถานที่ตั้งของร้านเซเวนอีเลเฟเวนในกรุงเทพฯ

กระบวนการปรับเปลี่ยนและรับเอาอิทธิพลจากต่างชาติ ในทางวิชาการใช้คำว่า ถิ่นฐานภักดิ์ (Localization) การศึกษานี้จึงได้ใช้ทฤษฎีถิ่นฐานภักดิ์เพื่อสร้างข้อถกเถียงในเรื่องที่ว่า คนในท้องถิ่นมีความสามารถที่แตกต่างกันไปในการก่อรูปและสร้างลักษณะของกระบวนการถิ่นฐานภักดิ์ ซึ่งเกิดขึ้นทั้งในและนอกพรมแดนของชาติ แม้ว่าผู้วิจัยได้เขียนวิทยานิพนธ์ขึ้นนี้จากมุมมองของคนนอก แต่การใช้วิธีวิจัยทางสหวิทยาการได้ช่วยให้เกิดความเข้าใจต่อกระบวนการถิ่นฐานภักดิ์มากขึ้นว่าเกิดอะไรขึ้นภายในประเทศไทยมากกว่าจากภายนอก การศึกษานี้ยังได้โต้แย้งและให้ข้อมูลเบื้องต้นในข้อถกเถียงถึงอิทธิพลของโลกาภิวัตน์ ว่าทำให้ทุกอย่างมีลักษณะเดียวกัน นอกจากนี้ การวิจัยจากมุมมองคนนอกช่วยให้สามารถนำเอากระบวนการถิ่นฐานภักดิ์ของเซเวนอีเลเฟเวนในกรุงเทพฯ ไปเปรียบเทียบและปรับใช้กับกระบวนการที่คล้ายแต่ไม่ใช่อันเดียวกันที่เกิดขึ้นในส่วนอื่นของโลก วิทยานิพนธ์นี้เสนอว่า ถิ่นฐานภักดิ์ของเซเวนอีเลเฟเวนในกรุงเทพฯ เป็นการสำรวจที่แสดงให้เห็นว่า คนในท้องถิ่นมีส่วนอย่างไร ในสถาปนาและกำหนดรูปแบบการใช้ชีวิตสมัยใหม่ที่สะดวกสบาย อย่างไรก็ตาม หากเปรียบเทียบกับตัวแสดงภายนอก เห็นว่า กระบวนการการพัฒนา ความเจริญเติบโต การดำเนินกิจการของบริษัทข้ามชาติ และการเปลี่ยนแปลงของประชากร ล้วนมีลักษณะคล้ายคลึงกันไม่ว่าการเป็นระหว่างประเทศหรือข้ามประเทศ

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KEY WORDS: SEVEN ELEVEN / LOCALIZATION / CONVENIENCE / BANGKOK / CP GROUP / CONVENIENCE STORE / FRANCHISE / BRAND / CONSUMERS

ZACHARY JACK BUTTEL: THE LOCALIZATION OF SEVEN ELEVEN IN BANGKOK. ADVISOR: ASSIST. PROF. NITI PAWAKAPAN, PhD., 127 pp.

The 7-Eleven convenience store franchise is now the largest chain store of any category in the world surpassing even McDonald's when compared by store numbers. As 7-Eleven is a multinational marketer and distributor of various modern style foods and services, which are all packaged together as a service promoted as 'convenience', the franchise is in a unique position to influence consumers and tastes in various parts of the world. In Thailand, but in Bangkok especially, the 7-Eleven franchise brand has been borrowed by one of Thailand's most successful multinational companies, CP Group, and one of the world's largest agribusiness firms. Bangkok possesses one of the heaviest concentrations of 7-Eleven stores of any city in the world. As such, the 7-Eleven franchise has been at the center of CP Group's latest plans for driving growth and international competitiveness since they experienced debt problems after the 1997 Asian Financial Crisis. This thesis takes the view that this has allowed CP Group, primarily through the strategies it has employed as Thailand's sole franchisor of the 7-Eleven brand, to have significant influence on local food tastes and perceptions of convenience. Equally important, if not more so, is the role of local consumers in localizing 7-Eleven in Bangkok.

The process of adaption and adoption of foreign influences is often referred to academically as localization. This study uses the theory of localization to make the argument for the unique ability of local actors to shape and give character to processes that take place both within and outside national borders. Although this thesis is still written from the viewpoint of an outsider, the interdisciplinary methodology employed seeks to understand the processes of localization more in terms of what is happening in Thailand rather than outside of it. This counters and deepens arguments about the supposed homogenizing influences of globalization. Furthermore, an outside perspective applied to examining the localization of 7-Eleven in Bangkok allows for processes in Thailand to be compared with and partially reconciled with similar but not identical processes that are taking place in other parts of the world. As such, it is argued in this thesis that the localization the 7-Eleven franchise in Bangkok offers an exploration of how modern convenience is institutionalized and shaped by local actors. As far as comparisons with external actors go, it is argued that processes of development, growth, multinational business practices and demographic change share similarities between and across countries.

Field of Studies: Southeast Asian Studies

Student's signature ..... 

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จุฬาลงกรณ์มหาวิทยาลัย



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# CHAPTER I

## INTRODUCTION

### 1.1 Background and Rationale

Since the early 1920s modern transportation and communications systems were rapidly developing within and around cities in the USA and at varying rates throughout much of the world. The beginnings of the 7-Eleven franchise began in the city now known as Dallas in the US state of Texas which was going through a rural to urban transformation. At this time 7-Eleven, then known as a Tote'm shop, probably resembled what is now often blandly identified as 'mom and pop' stores. Convenience goods including ice, bread and milk could easily be picked up on the way home from work without spending too much time or expending too much energy. From the standpoint of sales and marketing, the main difference for these Tote'm stores in contrast to the mom and pops stores was that they branded themselves with a symbolic totem out in front of their stores. This allowed them to expand and gain familiarity within an increasingly connected network of transportation that attempted to integrate lifestyle patterns found in work, social life and residence. The Tote'm stores continued to spread and develop along with the society and the US economy until they had emerged as 24 hour convenience stores by the 1960s and had really started to internationalize themselves in the early 1970s.

Though not through a steady linear path, the two biggest influences on the growth and expansion of the 7-Eleven brand have taken place in the relationship between the USA (the branding) and Japan (information technology). Although not alone, other expansions in Taiwan especially and more recently Thailand have been significant. The desire for convenience foods in all of these countries is significant and the opportunities to buy them at local 7-Eleven stores are abundant. There are interesting similarities and differences in the way the 7-Eleven brand has emerged in these countries. This is particularly evident in the way that the stores are franchised, their management strategies regarding the place of food and other services, their geographical concentrations and their focus on the use of modern information technologies to gain advantage against competition. CP 7-Eleven in Thailand is no exception as it has shared, borrowed and adapted from these developments. Yet it appears to have maintained a significant degree of independence and autonomy in the way it manages



its operations. It is possible that its management success with the 7-Eleven brand in Thailand will allow it to be involved with the 7-Eleven brand in other still developing regional nations such as Vietnam or even in China.

The expansion of 7-Eleven convenience stores has all taken place in a context of rapid trade liberalization, increased regional trading arrangements and immense demographic and spatial shifts in the population that involve significant migration. More recently a global supermarket revolution has been taking place reconfiguring supply networks of procurement and often negatively impacting small traditional retailers, particularly in Asia.<sup>1</sup> Thailand is no exception and as one of the world's top agricultural exporters, feeding four times its population, it should be no surprise there would be significant retail commercialization in the food sector of this middle sized capitalist economy. Thailand along with the Philippines is part of a "second wave" of such retail penetration following the NIC of East Asia and to be soon followed by a "third wave" in China, India and Vietnam. Similar expansions of Western European retailers have been ongoing and spreading to Eastern Europe and Russia. This involves the commercialization of food as modern retail venues continually try to gain control of the lucrative fresh food market, fruits and vegetables. Meanwhile, modern retail venues such as CP 7-Eleven introduce a diverse and centralized collection of packaged and processed foods to a more demanding and cash rich public. The internationalization of the 7-Eleven chain has allowed for diverse patterns of localization and this is particularly clear in the USA, Japan, Taiwan and Thailand.

7-Eleven is currently the world's largest chain by store numbers and is found in seventeen countries worldwide with Indonesia soon slated to be number eighteen. The number of stores in Thailand is exceptional rating fourth behind Japan, the USA and Taiwan (in that order).<sup>\*\*\*</sup> The concentration of stores in Bangkok is notable as the Thai licensed and

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<sup>1</sup> Thomas Reardon and C. Peter Timmer, "The Supermarket Revolution with Asian Characteristics," *Reassessing the Rural Development Agenda: Lessons Learned and Emerging Challenges in Asia*, (Singapore: ISEAS, 2007), pp. 369-394.

<sup>\*\*\*</sup> Although not the top country for number of stores, Taiwan is known for having the most 7-Eleven stores per person of any country in the world. It is likely these numbers are even higher in urban areas like Taipei.

managed brand, CP 7-Eleven, can be found just about anywhere in Bangkok.<sup>\*\*\*\*</sup> This includes central shopping districts, BTS Skytrain stations, bus stops, suburban housing estates and apartments, university campuses, public housing estates, most major roadways in the city and especially around more established Bangkok communities and institutions. These various convenience store branches try to offer a little something for everyone and are most frequently located along the cities concrete thoroughfares. Their prime location along these urban transportation routes can evoke imagery of the Bangkok's waterbound commercial past. The bulk of markets, trading, shops and housing were usually located in or along the water of various rivers and canals. Until the development of road and rail systems at different points during the 20<sup>th</sup> century, the closeness of markets to water was particularly true where the most developed irrigation system of Thailand's Central region supported the capital cities of Ayutthaya and Bangkok.

Now, the dominance of CP 7-Eleven over other convenience store chains should visibly evident for anyone spending even a short time in Bangkok particularly as they travel along the roads throughout the city. According to CP All Plc's year end 2007 annual report they represent over fifty four percent of all stand alone stores and thirty three percent of all stores in gas stations.<sup>2</sup> According to this report there were 8,523 convenience stores in Thailand of which 4,279 are CP 7-Elevens, just over fifty percent of the total. As of January of 2009, that number increased to 4,777 stores.<sup>3</sup> The stores are quite pervasive throughout Bangkok and their visual presence in the night time is virtually unrivaled by any other single competitor. However, they are part of a large crowd of diverse and more fragmented group of retailers offering food and other services. The context of retailing for 7-Eleven in Bangkok is diverse and offers a challenge for anyone trying to understand what choices consumers have and how the 7-Eleven concept and retailing form has managed to insert itself into local cultures.

In Thailand CP 7-Eleven has developed along with the growth of the middle class and foreign tourism growth in the late 1980s. These were soon accompanied by the ever larger

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The brand is actually 7-Eleven run through CP Group's subsidiary business, CP All Plc. As mentioned earlier, CP 7-Eleven will be used to distinguish the Thai brand from other 7-Eleven stores in other countries. The franchise is licensed through what is called an area license and is obtained from 7-Eleven branding headquarters in the USA.

<sup>2</sup> CP All Plc. 2007 Annual Report: [http://www.7eleven.co.th/corp/investorzone\\_main.php](http://www.7eleven.co.th/corp/investorzone_main.php)

<sup>3</sup> The Nation January 27, 2009.



media machine of the 1990s. CP 7-Eleven developed slowly during the boom period of the 1990s as it was not the primary focus of CP Group, its parent, during this time. CP Group was involved in the full gamut of modern retail business at this time starting with food vendors and ending with hypermarkets. This changed after the 1997 Asian Financial Crisis, with its epicenter in Thailand, as mounting debts forced CP Group to reconsider its strategy. Faced with a smaller asset base to draw on, the entrance of foreigners into the retail market, flexible government regulation and a weakened domestic competitive retail field, CP Group decided to place the CP 7-Eleven convenience store franchise at the forefront of its retail strategies which involved changes in brand image, logistics and the integration of the overall food value chain. Expansion of CP 7-Eleven stores expanded from about 100 -200 annually to 400-500 annually after 2003 as financial difficulties of both CP Group and the overall economy started to improve. It has done this within the context of dramatic expansion in the overall modern retail sector of the Thai economy. Hypermarkets, supermarkets and convenience stores have proliferated particularly in Bangkok.

The availability of a convenience store that is easy to reach no matter where, no matter when and provides an environment that is clean, safe at night and a welcome escape from oppressive heat is a competitive edge that no other retail outlet, modern or not, has yet to duplicate in Bangkok. CP 7-Eleven is at one and the same time a concrete media object presenting itself for consumption with the eyes and with monetary exchange, but also a media object through everyday conversation and activity as people negotiate their lives in Bangkok. As an abstracted media object in circulation, it spreads through modern technologies such as advertising, popular music and politics, through the traditional media of everyday conversations and communication and simply through its readily distinct and familiar presence throughout the city. It can often seem to be one step away from or close to work, home or play. Real estate developments in Bangkok and middle class lifestyle transformations have both played significant roles in the expansion and popularity of CP 7-Eleven convenience stores. As such it can appear to be both in cooperation and competition with members of Thailand's immense informal food economy. This fact is easily visible in the person of street vendors, small shop owners, restaurants and other modern retailers.



CP 7-Eleven's 2007 annual report states that it makes 49% of its profits from food and beverages (a category often identified as F&B) which is the most profitable area.<sup>4</sup> As such, the category of food and beverages is the main area of their marketing focus. This is despite offering a number of other attractive in-store services such as bill payment, wire transfer, life assurance sign-up, periodic e-money promotions, ATM machines, and loyalty card linkages. A small number of stores in the network offer a bakery (Yuri Bakery) and a larger number have a book store (Book Smile) with music and movies, but nearly all stores have magazines, books, movies, newspapers and a variety of household goods for sale. This borrowing and sharing of retail products occurs within the core business of CP Group but also with outside retail groups with which it is networking. Unlike supermarkets, CP 7-Eleven's primary focus is not on food staples. Yet its focus on food and rapid expansion suggests that the franchise plays a significant part of changes in food consumption habits. Although there is significant variety, most food is processed and of the snack or supplementary variety (often called "fast food") such as noodles, potato chip style fried items, sausages, baked goods and candy. Generally, there are also fresh foods such as milk, eggs and cheese.

There is growing promotion of frozen microwaveable meals targeting a higher spending market as well as more availability of sandwiches and burgers both pre-packaged and prepared fresh. Bigger stores or stores in higher spending areas have special services such as specialty coffee. In addition, CP 7-Eleven has more locations and is therefore in closer proximity to where people live making it the closest modern retailer to their residence, often within walking distance or short transit by the other vehicles of choice. This has put CP 7-Eleven in a position to both influence tastes and stimulate domestic consumption of the national economy. It has created new expectations of service as well. Such results have arguably been accomplished through boosting the profits, the corporate domestic profile and the globally competitive position of the well known Thai multinational conglomerate, CP Group. CP Group has been instrumental in developing strategies for localizing 7-Eleven in Bangkok.

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<sup>4</sup> These profits from the food business were 51% in 2008 according to the latest figures while profit margins on food are more than double that of non-food. Available from: [http://www.7eleven.co.th/corp/investorzone\\_operational\\_info.php](http://www.7eleven.co.th/corp/investorzone_operational_info.php)

CP Group, following a number of debt problems and asset sales during the 1997 Crisis, has refocused its business on adding value through three core industries: Agri-business and food industry; retail, logistics and distribution services; and telecommunications and multimedia services.<sup>5</sup> As Pavida explains, “The intensified integration into retailing and distribution was the main drive behind CP’s post-crisis growth both in Thailand and China.....the post-crisis strategy placed a much stronger emphasis on the production and sales of processed meat, and the retailing and distribution activities.” Pavida goes on further to say that, “The emphasis on retailing appeared to be the main engine of growth of the CP Group, especially in China. Thailand had been positioned as the group’s “experiment centre” and main export base for processed and cooked meat.” The CP 7-Eleven convenience store accounted for 67% of CP All Plc.’s revenue in 2007. Of the three core businesses, CP All Plc. (CPF and True Corp are the others) was the fastest growing last year and even had higher net profit than the original core business of CPF in 2007.

Although hardly alone in a huge economy of modern retail consumption and amongst CP Group’s wide variety of distribution and retail outlets for food, CP 7-Eleven’s visibility and strategic placement in key consumption areas throughout Bangkok are clearly a key component of this strategy of value adding and corporate competition. CP Group, sometimes anecdotally called a proxy for both Thai consumption and the government, has developed yet another effective proxy for the promotion of its food products and overall growth strategy in the form of convenience store shopping at CP 7-Eleven. CP 7-Eleven’s annual report for 2006 leads with the slogan “Part of Thai Life” while its 2007 annual report has the slogan “Life is better with all”, reflecting the name change from CP 7-Eleven to CP All Plc. The report contains utopian weightless images of smiling faces and collectivity suggest the common but rhetorically persuasive themes of good service, friendship, productivity, honor of tradition and respect for community. Though these are the heavy product of marketing, a certain element of symbolic weight is hard to deny. This gains momentum when considering the most people’s appreciation of the fact that CP 7-Eleven and convenience store shopping are now part of everyday life particularly for Thai consumers. The value for Thai consumers in relation to their other interests and concerns in life deserves consideration.

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<sup>5</sup> Pavida Pananond, “Thailand’s CP Group’s International Expansion,” Southeast Asia’s Chinese Businesses in an Era of Globalization: Coping with the Rise of China, (Singapore: ISEAS, 2006), pg. 333.



Everyday experiences allow us to see the tension between different images, both those we individually hold for people and those mediated through the mass media and public discourse. One negative view of consumerism in Asia is that of a “revolt of the elites” creating a hybrid cosmopolitan identity of all inclusiveness that few can live up to while its opposite might be that of a Disney styled community integration as suggested by the CP 7-Eleven’s somewhat innocent sounding slogans above.<sup>6</sup> Clearer attempts at definition through some interrogation of everyday experience can bring more depth to such critical opposition. This will also require a look at some of the forces shaping the external political economy of both CP Group and 7-Eleven internationally. A look at the global, the national and the local would constitute a three dimensional mode for discerning the impacts of a consumer institution such as CP 7-Eleven in Thailand. Whether they live in Bangkok or not, the aim here is to create some concrete sense of the where and the how of CP 7-Eleven’s influence, both received and passed onwards. Nonetheless, the focus on consumers will be in Bangkok. A diverse and sometimes faceless group of consumers favor shopping at 7-Eleven in Bangkok. My informants have displayed a diversity of lifestyles and provided some revealing data for trying to understand how 7-Eleven has been localized.

In the primary area of data collection and research, a CP 7-Eleven store off of Soi Mahadthai between Ramkhamhaeng and Lat Phrao roads, the impact of the store on food consumption habits is small relative to the numerous food choices available in the area. Nonetheless, most people in this area live in apartment buildings and many do little cooking so that the need for ‘convenience’ is vital. Many residents are young as well and they appear to spend a good amount of money on food and leisure. The broad impact of CP 7-Eleven on the food choices of those queried is small in absolute terms and it relates closely to their lifestyle patterns and personal tastes. Nonetheless, beverages and snacks from CP 7-Eleven are everyday objects of consumption for many people in this area. This has been identified by most people as an element of food ‘convenience’ more than taste or quality so that ‘convenience’ is likely intertwined with other factors other than food. Nonetheless, it is hard to identify any one single place (at least in the branded sense) directly attached to everyday life in this area that has carried such potential implications for modifying food habits. Exploring other institutionalized food distributors within the dense local food economy would

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<sup>6</sup> Jonathan Friedman. “Class, hybridity and ethnification,” *Globalisation and the Asia-Pacific*, (New York and London: Routledge, 1999), pp. 183-201.

likely provide equal or even significantly greater results. The main rationale of this approach is to use local actors from Bangkok as observed in a local environment in order to provide shape and character to ongoing localization processes as they relate to 7-Eleven.

## 1.2 Objectives

The main objectives of this thesis are:

- To examine the internationalization of the 7-Eleven convenience store franchise in order to illustrate some similarities and differences as they relate to the localization of 7-Eleven in Thailand.
- To utilize local actors in Thailand to show that the way 7-Eleven has developed and come to be perceived by Thais is different from other countries despite sharing a number of general similarities.

## 1.3 Hypothesis

In the end, this is a story about the Thai consumer's desire for 'convenience' and how this gave rise to the extraordinary popularity of a new commercial form. This commercial form often identified as "American", the modern convenience store, has migrated to Thailand. 7-Eleven in Bangkok, Thailand has become "Very Thai", very Bangkokian even.<sup>7</sup> There is a 'Thainess' evident in Bangkok's "Very Thai" 7-Eleven convenience store franchise but it is not because there is some mystical global homogenizing force behind the scenes. However, 7-Eleven in Thailand is special and 'Thai' because it is given life primarily by a collection of local Thai actors. In more academic parlance, the contentions made in this thesis are shaped by the common observation that many people in Thailand have developed consumption habits that are becoming increasingly more integrated into globally, regionally and locally commercialized systems of retail production, distribution and management. Furthermore, consumers are shaping their food preferences through more globally standardized consumer institutions such as fast food restaurants, supermarkets, hypermarkets

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<sup>7</sup> Philip Cornwel-Smith, *Very Thai: Everyday Popular Culture*, (Bangkok: River Books, 2005). The expression "Very Thai" used here best understood by the multiple meanings associated with it in this outstanding illustrated book on popular culture in Thailand.



and the convenience store. In Thailand, CP 7-Eleven<sup>\*</sup> is the dominant convenience store run by one of Thailand's dominant conglomerate businesses, CP Group.<sup>\*\*</sup> CP 7-Eleven's institutionalization of convenience products and services are more widely available in terms of store number and diffusion of location than any other modern consumer institution. The main argument in this thesis is that the popularity of the 7-Eleven convenience store franchise in Bangkok has developed its own unique presence in local everyday life and is differentiated from 7-Eleven in other countries (especially Japan and the USA). Academically, this is usually referred to as localization. Central to the main argument is that Thai consumers have been the key actors in this process by willingly adapting and adopting many of the conveniences offered. Furthermore, the kind of convenience consumption pursued at CP 7-Eleven in Bangkok has engendered a quite fragmented style of integration for Thai consumers into the so called formal and 'modern' economy. However, my arguments for localization do not mean that there are no similarities between the Thai 7-Eleven and those in other countries. In fact, deepening this argument of localization is the observation that CP 7-Eleven franchise and the somewhat eclectic nature of its consumers do bear a distinct likeness, in a number of respects, to the characteristics surrounding the consumption and development of the franchise elsewhere. Additionally, the combination of consumer choices and local retail business strategies (including but not limited to the 7-Eleven franchise) under conditions set by Thai government policies and practices related to retail business have strongly shaped local preferences for new modern concepts of convenience. Finally, the internationalization of the 7-Eleven brand and the corresponding institutionalization of convenience has taken place selectively rather than homogenously. This thesis, by looking at the place bound localization of the 7-Eleven franchise in Bangkok, some experiences of individual consumers and by exploring some of the expansion processes of the 7-Eleven franchise in other countries, should interrogate and clarify key aspects that have driven a

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<sup>\*</sup> In this thesis, the 7-Eleven franchise in Thailand will often be referred to as CP 7-Eleven to distinguish it from the international franchise and to stress the significance of the Thai multinational the operates the area license for the 7-Eleven franchise in Thailand.

<sup>\*\*</sup> Charoen Pokphand Group Co Ltd. (CP Group) is the holding company, controlled by the Chearavanont family, of a globally oriented multinational conglomerate with diverse interests, but it has three main divisions managed independently and listed on the stock exchange of Thailand (SET): CPF (the basis of the original business is the seed, feed, fertilizer and food division), CP All Plc (the retail, logistics and distribution division- CP 7-Eleven is under this division as are retail operations in China) and True Corp. (the telecommunications, entertainment and media division). These three divisions encompass CP Group's core holdings but it has a diverse line of interests that sometimes transcend and sometimes provide backward and forward linkages with these core interests.



complex interplay of international and local processes with multiple actors. Understanding these multiple actors is vital in trying to recognize how this international franchise and institution of convenience has become so popular and unique in its own right in Thailand's capital city.

#### **1.4 Main Arguments**

Providing a background for the internationalization of the 7-Eleven chain will provide the basis in Chapter II for differentiating the 7-Eleven chain in different countries and laying the introductory base for the main hypothesis concerning localization. This will be done within a framework that primarily looks at urbanization processes, international business perspective and particular aspects of national development patterns. The main argument here is that the processes forming the 7-Eleven franchise in other countries do not completely settle well when trying to explain the development of 7-Eleven in Thailand (Thailand and regionally rather than Bangkok when considering things in international terms like business and development). Some key observations supporting this conclusion are made throughout the chapter. The implication here for later chapters, by constructing all of these comparisons, is that the characteristics of the 7-Eleven franchise in Thailand will likely be different in terms of what they offer and how they are perceived by local consumers and residents. Although it is clear that 7-Eleven's development in Thailand has borrowed from countries like the USA and Japan, this chapter is intent to establish that the number of differences demonstrated demand that developments in Thailand need to be looked at more on their own terms. For example, this chapter touches on how the convenience store institution and ideas about convenience are part of this process of localization whether in Bangkok, Tokyo, Boston, or even different areas within the US state of Massachusetts.

Chapter III will look at the retail background in Bangkok in which 7-Eleven operates. Descriptions and analysis of other retail institutions both 'modern' and 'traditional' will provide some insight into part of the broad foodscape and retail environment in Bangkok where 7-Eleven is situated. The food retailing business environment and the consumer landscape in which 7-Eleven operates is quite different from countries such as the USA and Japan where 7-Eleven has been numerically most successful. Furthermore, 7-Eleven in Thailand has really managed to adapt their convenience store concept and all that this entails

to a local environment which is already well adapted to convenience shopping especially for food. This expansion seems to have occurred without facing any strong opposition to their rapid expansion. The main argument in this chapter is that 7-Eleven has uniquely and successfully adapted itself for success in a competitive local retail environment by understanding and compromising with a local business and cultural environment that is already well attuned to the desires of local Thai consumers. Despite the challenges of meeting consumer desires and offering something new, 7-Eleven in Bangkok has managed to localize itself quite well and become widely accepted by local retailers and consumers. This has brought choices for consumption of goods and services from the formal and modern retail economy even closer to the average Thai consumer. Though it is far from clear what role CP 7-Eleven has played in engendering overall modern retail consumption, Bangkok's consumers appear to have gained an appreciation for the convenience that 7-Eleven offers through a vast array of products and services. This is despite the presence of a huge and potentially competitive market for convenience foods and services. The success of the convenience store franchise locally also points to the importance of strategies of CP Group that operates 7-Eleven in Thailand and the nature of choices in everyday life for consumers in Bangkok. These issues will be discussed in greater detail in Chapters IV and V.

Chapter IV will look at aspects of CP Group's development within the Thai economy and business environment while looking at some of the strategies it has used to engender its popularity with consumers in Bangkok. These strategies supported by the adept borrowing of international business practices, a strong media and advertising network, government policy supporting rapid modern retail growth and the strong geographical density of 7-Eleven stores have given them an advantage in connecting with local consumers and lifestyles in Bangkok. The main argument in this chapter is that CP Group has developed a business and marketing strategy of branding and service provision that offers products, services and images that is designed to appeal to a somewhat homogenous but youthful emerging middle class grouping in Bangkok. Furthermore, the images of the Thai 7-Eleven consumer generated in much of the advertising analyzed tend to prejudice an idealized urban Bangkok coupled with elite cosmopolitan customer images. Paradoxically, if consumers did ever live up to these images, they might never need to be 7-Eleven consumers again. Nonetheless, the 7-Eleven brand and franchise model has been borrowed by CP Group to function as the central distribution arm in Thailand for their corporate growth strategies. This has set the stage for the introduction of other modern retail outlets for the distribution of CP Group foods such as CP Fresh Mart.



Though 7-Eleven's consumer images do prejudice an elite consumer image that clearly does not represent the average 7-Eleven consumers encountered in this research, they do conservatively follow along with the growth orientation of Thai government policies regarding retail, business trends (local and international) and changing local preferences for modern retail consumption. Because the quite static and utopian character of CP's marketing images do not fit the diversity of consumers encountered in the field during my research, Chapter V will discuss the consumption of 7-Eleven with the help of my informants. This approach will provide more depth than advertising, marketing or popular culture can when trying to understand and explain some of the processes of localization that are occurring.

Chapter V will use the results of my ethnographic research to look at the consumption of consumers at 7-Eleven. It is hoped that the material presented in previous chapters, which presented human activity as more of an abstraction, will become more in touch with the daily realities found in everyday life of Thai consumers. The main argument here will be that the lifestyles and choices of Thai consumers of 7-Eleven in Bangkok are not adequately explained by what has happened in other countries or by the marketing strategies of the CP 7-Eleven franchise. Furthermore, my key informants are just as likely if not more so in being able to explain some of the processes driving localization of 7-Eleven in Bangkok than approaches pursued in previous chapters. My research with the help from my key informants on Soi Mahadthai points to the importance of lifestyle and perceptions of convenience when trying to understand factors that have driven the localization of the 7-Eleven franchise in Bangkok. My informants' responses to my questions in exploratory surveys and through semi-regular contact over a several months indicate many more differences than similarities when compared with CP Group's marketing of images or consumption of 7-Eleven in other countries. This chapter will try to provide a coherent framework to illustrate how my informants and other respondents consume and localize convenience store consumption. When possible, some of the concepts from earlier chapters will be integrated in order to demonstrate the relevance of seeing the process of localization and the corresponding international/local dynamics as two sides of the same coin. Finally, this chapter will labor to bring to life their experiences and perceptions of 7-Eleven.

## 1.5 Methodology

This research has used a number of secondary sources including books, the internet, and articles. This is designed to provide a generalized but non static setting of the food choices that are available. Primary research will include data collected from three key informants who all frequent CP 7-Eleven. This information was primarily gathered through the use of an exploratory food consumption questionnaire and then followed up by several rounds of additional questions. My informants were also casually observed over the course of several months. It also includes bits and pieces from a body of ethnographic data generated through contact at various times with residents of the Central apartment building including an exploratory questionnaire (Appendix A). A number of informal conversations and discussions with friends, high school students, food vendors, customers and other retail shop owners will supplement this data. This data is intended to provide the empirical basis to explore how CP 7-Eleven has been localized in Bangkok through a number of actors. In its entirety, this data should support the conclusions made about CP 7-Eleven that consumers in Bangkok greatly value the convenience that 7-Eleven offers. This in tandem with other segments explaining the spread of the 7-Eleven chain and its adoption by business actors in Bangkok should provide insight into how 7-Eleven has localized its own place based brand of convenience in Thailand's capital city.

## 1.6 Significance and usefulness of research

Most previous studies on 7-Eleven franchises in Thailand that have been found in the course of this research have focused on it as a part of a marketing or business study which have looked upon it as a way to identify consumer behavior or business strategy.<sup>8</sup> Others have looked from the perspective of community development or political science, trying to identify the negative and positive impacts of modern retailers on small businesses and retailers in particular areas.<sup>9</sup> This study integrates not only some of these elements but also

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<sup>8</sup> Chalermchai, V. et al. (Syndicate 8), *7-11 Marketing Research*. Assumption University Department of Marketing: Bang Na, 1991.

<sup>9</sup> Somchai Dechaphromphan, "A Study of the Retail Business of the Foreigner Franchise Convenience Store Seven Eleven in Chonburi and Sriracha City" Supported by the Faculty of Humanities and Sociology, Geography Major at Burapha University, 2003.



looks to extend further knowledge of the subject by bringing in a number of interdisciplinary elements along with a concerted attempt to support my main conclusions with the results of my ethnographic research. Additionally this study should prove particularly distinct given that most institutional focus has been on larger areas of consumption such as shopping malls, department stores or more standardized brands such as McDonald's. The focus on the convenience store as an important institutional element combined with ethnographic data should provide something new. Lastly, given that my degree is in area studies, some areas of this thesis that describe the business orientation of CP Group and by extension the 7-Eleven franchise might be relevant to others pursuing topics related to retail business or the activities of multinational companies within ASEAN.

This thesis concerns the analysis of people and place in relation to the consumption of food in contemporary life. What people eat and where it comes from have become heavily politicized issues and it is my intent that this thesis will discuss and identify important contributions to this topic. This is especially true as there are movements in Thailand that continue to push for the higher quality food and a higher standard of living. Convenience stores as an institutional setting for food distribution and lifestyle image production are an important part of these developments. On the one hand, this is especially true in Bangkok. On the other hand, negative perceptions about convenience store quality are common in the US, but appear less so in Japan and Taiwan. Quality of food demanded, economic development and personal tastes will continue to be push factors for these developments. It remains to be seen if convenience stores will be able to compete with trends towards more nutritious foods or if they will continue to rely on marketing snacks and beverages with high image value and questionable nutritional benefits. They will face increased competition in this area if current trends are any indication. Furthermore, the role of multinational businesses involved in food distribution relative to other actors in localized food systems is something that requires further investigation and needs better regulation. Overall consumer awareness and protection are equally important. So is the promotion of local business to compete with modern retail. Nonetheless, food and retail systems require more coordinated and supported organization at all levels. The focus on consumers and lifestyles in this thesis aims to provide some useful qualitative information about how Thai consumers view the quality of convenience services and food as consumed at the world's largest convenience store chain, 7-Eleven.



## CHAPTER II

### THE 7-ELEVEN FRANCHISE AND ITS INTERNATIONALIZATION

#### 2.1 7-Eleven's Development<sup>10</sup> and Modern Retail growth

A brief outline of 7-Eleven's first beginnings in Oak Hill, reveals a streetcar suburb of Dallas, Texas in the USA. This was at a time when railroads had already expanded in the late 19<sup>th</sup> century and by the 1920s had transformed Dallas and its surrounding farming and cattle communities into a transportation hub with cotton, its dominant export product, driving economic expansion. From 1845, Oak Cliff had developed into a farming settlement eventually processing grain before being developed by real estate entrepreneurs as an elite residential area in the 1890s.<sup>11</sup> After suffering economic depression in 1893, Oak Cliff made the decision to be incorporated into the city of Dallas proper as a residential area. In 1903, an electric streetcar service was built in 1902 connecting Oak Hill to the main commercial district in Dallas.

Oak Cliff later developed into a popular place for business investment and in 1927, Joe C. Thompson a founder of the Southland Ice Company, began selling convenience items such as milk, eggs and bread at Southland Ice Company's twenty one retail ice stations. All were easily recognizable by the souvenir totem pole in front of each store and a company uniform for its employees symbolizing the store's identity, an early form of branding. The totem symbolized that customers could tote away their purchases.\* Despite the improvements in transportation for the area, the dispersion of these outlets allowed company workers and others to travel less distance in order to obtain staple food items such as bread complemented with the preservation powers of ice. This was before the age of mass refrigeration after all. Oak Cliff has since changed greatly from being a unique suburb in the

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<sup>10</sup> Historical information about 7-Eleven available from 7-Eleven's website: <http://www.7-eleven.com/AboutUs/Milestones/tabid/76/Default.aspx> and <http://www.answers.com/topic/7-eleven>

<sup>11</sup> Oak Cliff's history available from: <http://www.oakcliff.com/history.htm>

\* The verb tote (meaning to take away) when extracted from the totem symbol in front of the store might have been used as part of catchy marketing slogan to further differentiate themselves as Tote'em rather than totem.

1950s to a place of “white flight” in early 1960s after school desegregation and a process of resettlement that began after the oil crisis in the 1970s. 7-Eleven has since continued to redefine its boundaries while the town of its origins has continually transformed its identity. It is notable that in Texas, the place of 7-Eleven’s origin, there are many cities where 7-Eleven is not found and it is often more dominant in other states and other countries as we will soon see.

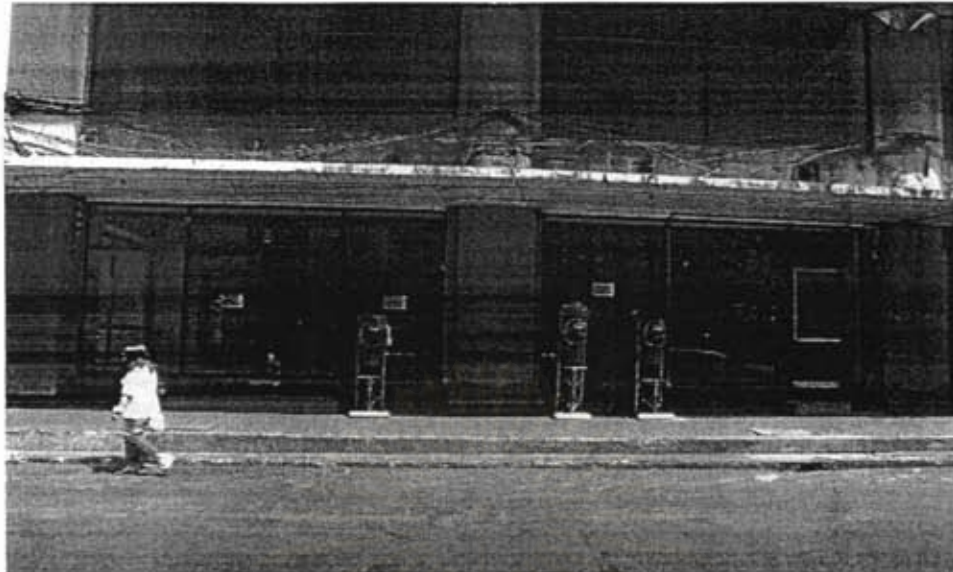
Paralleling this from the 1870s onwards, in the “boom zones” of cities, was the place where the idea of supermarket chain was sparked through observing the success of the new “five and dime” chain stores that sold non-food items at a discount.<sup>12</sup> This observation led to the idea of selling imported Chinese tea at a discount in one small shop to the idea of a grocery store. From the 1870s until 1936 when the first A&P supermarket opened, this idea went through a number of different size store formats. It is notable, that like the dominance of CP Group with 7-Eleven in Thailand, A&P supermarket in the US was once the dominant modern retail food supplier in the country and one of the most successful businesses. Furthermore, the traditional food retail system in the USA at that time has been remarked to have a similar retailing form with the “wet markets” and “mom and pops” of today in Asia. It is also notable that both the convenience store and the supermarket began in large cities during “boom periods.” So according to this, the initial rise of what later became the modern convenience store arose in a more suburban area of the city rather than in the city center itself. This differs from places like Thailand where the first store appeared near the main financial district of the city in a tourist and commercial zone. However, in recent years expansion has grown in many suburban areas as well as in central areas of the city in Bangkok.<sup>\*\*</sup> Rapid suburban expansion began happening in the US during the 1970s accelerating in the 1980s after a slower initial burst of growth in the post war years. In the more compact planed urban agglomeration of Tokyo/Osaka, expansion has had a less noticeably suburban character. It is this light that the clear distinctions of urban/suburban become unstable and it is clear that convenience stores seem to follow middle class groups more than they do distinct kinds of places.

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<sup>12</sup> Thomas Reardon, “The Rise of Supermarkets and their Development Implications: International Experience Relevant for India,” International Food Policy Research Institute Paper 00752, February 2008. pg. 2.

<sup>\*\*</sup> Expansion has happened in many larger urbanized areas outside of Bangkok and in larger villages as well.





**Picture 1 The First 7-Eleven in Thailand**

As if to illustrate a certain degree of hollowness in concrete origins, this is the site of the first CP 7-Eleven store in Thailand on Soi Patpong in Bangkok. A tuk tuk driver told me that the owner of the building decided to redevelop the building so the CP 7-Eleven store had to move. However, here is another CP 7-Eleven store further down the street and others just outside the main soi. This store closed last year, just shy of this year's 20<sup>th</sup> anniversary. At the end of Soi Patpong looms CP Tower which is CP Group's main headquarters and is a significantly visible landmark when looking down one end of the soi to another.

## 2.2 7-Eleven's Initial Expansion (National)<sup>13</sup>

Oil was discovered outside Dallas in the 1930s and began to further stimulate automobile production and usage. The "Tote'm stores as they were then called began selling gasoline. After bankruptcy during the early years of the Great Depression, Joe C. Thompson later bought the Southland Ice Company and created more sophisticated management and marketing arrangements. It began to produce and market its own milk successfully and the sale of ice and beer were strong during the years of the Great Depression, particularly after the repeal of the Prohibition Act which had prohibited alcohol. At the onset of World War II, a nearby military training camp became its main customer for ice and soon Southland became the largest ice company in Dallas. In a sense, the sale of alcohol through a legally legitimized channel provided the opportunity to develop a cleaner image for such consumption particularly after disrupting the close links of organized crime that were forged during the Prohibition Act years. The addition of products like milk and sales to a then valorized military serving the nation could only help further enhance such an image. The images created also include the establishment of "the convenience store" as an idea in 1946.

<sup>13</sup> Company History: 7-Eleven Inc. website: <http://www.answers.com/topic/7-eleven>



A number of other innovations in processed food technology allowed for food supply of military canteens and barracks in the form of canning and other ready to eat foods.<sup>14</sup> This provided further stimulus for the processed food industry which was also being supported by large consumer goods companies such as Unilever.<sup>15</sup> 7-Eleven is probably most recognizable for establishing notions of convenience in this fashion. Like small local markets in Asia developing near the location and early production of various commodities, the large number of soldiers that were introduced to this food and workers in the factories that produced it furthered consumption demands. This was accompanied by the use of new communications technology for market research and advertising. This technology was fine tuned during the war and taken up by new hotels and fast food retailers that facilitated multinational enterprise strategies for previously local brands.<sup>16</sup> These service related businesses now promoted global brands that largely reflected a more coherent and identifiable US "lifestyle." Previous industry consumer products leaders like Unilever from Europe, which had a more fragmented and localized branding strategy by country, fell behind in this race.<sup>17</sup>

It was not until after the war in the 1950s that home and transport refrigeration technology became readily available to a mass public. This meant that the production of ice still provided a unique and novel product and service for the home. Additionally, the strategic placement of the stores allowed for walking or driving. This provided an important service in densely populated areas for those without a car and in times of bad weather, such as snow, when driving was less practical. The company soon began to look at traffic patterns and look to place stores in high volume areas. At the end of the 1950s the store began to expand into other states. Mass migration beginning to move out of cities also drove stores to expand into the suburbs. Post war government policies spurred the mobility of a newly

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<sup>14</sup> Susan Martin, "An edible oil for the world: Malaysian and Indonesian competition in the palm oil trade, 1945-2000," *Intra-Asian Trade and the World Market*, (London & New York: Routledge, pp. 216-217.

<sup>15</sup> Geoffrey Jones, *Multinationals and Global Capitalism: from the nineteenth to the twenty-first century*, (New York: Oxford University Press, 2005)

<sup>16</sup> Geoffrey Jones, "Multinationals from the 1930s to the 1980s," *Leviathan: Multinational Corporations and the New Global History*, (Cambridge: Cambridge University Press, 2005), pp. 92-93.

<sup>17</sup> *Ibid*, pp. 101-103.

suburbanized middle class. These changes coincided with the introduction of affordable domestic technologies such as refrigeration and advertising campaigns that promoted suburban lifestyles.

Prior to this, in 1946, the company started using the name 7-Eleven for its stores to reflect daily hours of 7 a.m. - 11 p.m and further distinguish itself by name. It was inaugurated by the post-war boom which included the expansion of retail space on an increasingly mass scale. By 1952 there were 100 stores and by 1963 a 1,000 stores. Franchising also started at this time. So was a computer inventory system. The company was now a multi-million dollar enterprise and started to buy up dairy producers in a number of other Midwestern and southern states. It also began to purchase convenience store chains in a number of other states. This expansion followed along with the tremendous growth of an American middle class and went hand in hand with the growth of automobile use, extension of the road and highway system, home ownership spurred by the GI bill and the fruits of the post war baby boom. Suburban America took flight. California led a nation obsessed with car culture featuring some of the earliest drive-in restaurants in the 1940s and fast food restaurants in the 1950s.<sup>18</sup> Both often featured “circular meccas of neon” designed to catch the eye of the passing motorist along with “carhops” or waitresses in short skirts. More importantly, California is a population center and migration hub. Convenience store chains look for high population density and have a tendency to favor those with more economic and social mobility such as younger customers particularly the middle class.

Perhaps the most significant innovation since then also took place in 1963, the advent of 24 hour service starting in Austin, TX and in Las Vegas. 7-Eleven, Inc. was listed on the New York Stock Exchange (NYSE) in 1971. The 1980s was a time where the 7-Eleven franchise began to be popularly identified with suburban areas. This coincided with large expansion in the media industry as well. Movie theaters proliferated and MTV became popular around the same time the same time that 7-Eleven became synonymous with convenience and youth subcultures. In the 1980s, Citgo Petroleum was purchased only to later be sold in blocks at different times to a state owned Venezuelan Petroleum company. The company had been diversifying its operations into a number of areas for some time up to this point and the 1987 NYSE Crash forced heavy borrowing. Expansion into auto parts and

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<sup>18</sup> Eric Schlosser, *Fast Food Nation*, (London: Penguin Books, 2002), pp. 17-28.



gasoline did not succeed. Competition and the heavy debt load, limiting further investment, encouraged the company to sell the majority of its shares to Ito-Yokado in 1991, Japan's most profitable retailer at the time. Nonetheless, US operations remained private and unlisted on the stock exchange, unlike its Asian counterparts including the current owner of the brand in Japan. This provides them with a degree of autonomy in the use of the trademark.

Since then the franchise refocused on its primary success, its convenience store business, leading to a 1999 company name change from Southland Corporation to the trademarked 7-Eleven, Inc. Revitalization of stores has begun as well as the beginnings of further expansion. \*\*\* This expansion and revitalization has mainly targeted major cities such as Boston, Philadelphia and Washington. This has led to significant variation in the makeup of branch outlets as old stores have been remodeled in certain areas and not kept up in others. Expansion of new stores seems takes place in areas with higher income or those with large enough populations to support the store. For example, in Boston, MA the branches in Harvard Square and in Back Bay, two upper end residential areas with heavy foot and road traffic, feature a different look and more varied selection of foods than stores in other areas which feature the standard 7-Eleven storefront and carry a more standardized selection of goods. In particular, there appear to more fresh goods like freshly made sandwiches and even fruit in addition to the standardized snacks and beverages.

Compared to most other countries that use the 7-Eleven name, there is far more geography to cover in the United States. This is well demonstrated by the fact that although 7-Eleven is the largest convenience store chain in the United States, it often faces stiff competition from other regional or local convenience store chains. This is true of both stand alone stores and those at gas stations. 7-Eleven is often not the leader in these areas. On Cape Cod for example, a getaway for city folk in the state of Massachusetts near my home, 7-Eleven stores are sometimes viewed negatively by some local commentators as a place for

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For example, in 1998, 7-Eleven, Inc. purchased the Christy's Markets Inc., a Massachusetts based convenience store while in 2006 Seven & I Holdings Co. Ltd of Japan purchased New England based convenience store chain White Hen Pantry with the intention of eventually converting them to 7-Eleven stores. <http://www.answers.com/topic/7-eleven>





**Picture 2 Yuppie 7-Eleven in Boston**

This picture was taken in Back Bay near the one of primary leisure spaces of the Boston at Copley Square. Inside the store is quite different from that of the store found in Falmouth. Fresh fruits and vegetables and much high quality refrigerated foods are available here versus the more snack orientated selection of the store in the town of Falmouth whose exterior is depicted on the previous page. The more integrated nature of the storefront with the overall landscape and residences above is obvious.

'tourists' and other outsiders. As such, the look and feel of these stores is stagnant and retrograde compared to their Boston counterparts. Additionally, there a number of local convenience store chains and a number of local grocery shops that generally have an equal or better reputation along with more stores. This is true in nearby Boston and in many areas across the country. Perhaps a symbolic factor limiting the density of 7-Eleven convenience stores is the long history of "anti-supermarket legislation" in the United States.<sup>19</sup> However, since the consolidation of supermarket chains in the United States has trailed that of Europe, one opinion is that the legislation has only speed of transition and not the main path itself. In my opinion, government policy supporting small business in the form of tax breaks and easier bureaucratic processes are more influential factors in allowing small businesses to check modern retail expansion while policies supporting suburbanization are likely to have had the opposite effect.

<sup>19</sup>

Thomas Reardon, "The Rise of Supermarkets and their Development Implications: International Experience Relevant for India," International Food Policy Research Institute Paper 00752, February 2008. pg. 4. Reardon points out that this legislation was not really the main factor in preventing expansion. But it does reflect organized political opposition more so than in Thailand or Japan.



**Pictures 3-4 7-Eleven in Falmouth and Beacon Hill**

Above left is the 1980s style 7-Eleven store. This was taken in the small town of Falmouth near my home and has not seen the same kind of architectural renovation as urban store branches. The other two photos, which feature alternative 7-Eleven iconography are located in more wealthy areas of the city. For example, the antique looking 7-Eleven icon on the far right is from Beacon Hill in Boston. Beacon Hill is the location of many parts of the city government and is a high rent district.

At present, the top 100 stores in the convenience store business in the United States operate some 57,700 stores.<sup>20</sup> 7-Eleven currently has over 6,200 stores in 33 states.<sup>21</sup> Only ten states have more than 200 stores. 7-Eleven is still the largest of any convenience store chain in the USA. California has approximately 20% of them with 1,274 stores, and if it is combined with Virginia (623 stores) and Florida (547 stores) approximately 39% of all stores are found in the three states. Nonetheless, 7-Eleven and its competitors in the convenience store chain business are still largely outnumbered by “mom and pop stores,” individual retail operators, and they also continue to be threatened by convenience stores at gas stations.<sup>22</sup> Gas stations with convenience store are common and four out 7-Eleven’s top competitors are of this variety.<sup>23</sup> On another note, the combination of convenience stores being associated with gas (a foreign commodity) and the competition they generate with mom & pop stores might partly explain the tendency in popular culture and common discourse to caricature 7-Eleven clerks and store owners into localized stereotypes that have connotations of foreignness. For example, store owners or clerks are often Indian while extreme versions feature negative Islamic connotations. A long history of mythologizing about small town independence propagated in the American media and popular culture would seem to contribute to this as well.

<sup>20</sup> Convenience Store News: <http://www.csnews.com/csn/images/pdfs/top1002008.pdf>

<sup>21</sup> 2008 Seven i & Holdings Annual Report

<sup>22</sup> Convenience Store News:  
[http://www.csnews.com/csn/news/article\\_display.jsp?vnu\\_content\\_id=1000974357](http://www.csnews.com/csn/news/article_display.jsp?vnu_content_id=1000974357)

<sup>23</sup> Convenience Store News: <http://www.csnews.com/csn/images/pdfs/top1002008.pdf>



In addition to local preferences for 7-Eleven, there are also a variety of ownership and licensing agreements in different states, regions or countries that do not always conform to the standardized franchising agreement. This includes the leasing of land for stores instead of buying it among other things.<sup>24</sup> They will not all be covered here, but the key point to remember is that the variety of these agreements vary most widely in the USA with several different ownership arrangements and management in different regions or states having special agreements. Basically this implies different levels of centralization and decentralization by country even though there may be variances within and between countries. It also reflects the large amount of ground to cover and a long history of attempts at expansion. In urban areas, where real estate prices usually fluctuate more widely, the decision to rent or lease is a vitally important one. This is especially true when considering the destabilizing effects of real estate bubbles on profitability and survival.

One basic variation is in Thailand, where CP 7-Eleven's store space is leased rather than purchased. This is not always the case in the United States as land for the stores is often purchased. 7-Eleven stores in the United States also feature more franchise owners, over 70%, whereas in Thailand most CP 7-Eleven stores are corporate run stores. 7-Eleven in the USA is trying to find franchisees take on the responsibility of retailing while the chain focuses on real estate acquisition, branding, systems and logistics. With less individual franchise owners in Thailand, these duties are primarily the responsibility of CP All Plc., the subsidiary of CP Group that is licensed to operate the 7-Eleven brand in Thailand. Additionally, the operations of 7-Eleven within the USA are not nearly as vertically integrated or comprehensive as those in Japan, and this holds true for the operations of CP 7-Eleven in Bangkok as well. For example, product procurement in Bangkok, and recently starting in provinces outside of Bangkok, has centralized nearly all local and other products through two distribution centers. Another key distinction is that the operations in the USA, Canada, and Beijing (China) are operated as subsidiaries of the current parent company, Seven & i Holdings in Japan, whereas the 7-Eleven stores in Thailand and most of the

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<sup>24</sup> Convenience Store News:

[http://www.csnews.com/csn/news/article\\_display.jsp?vnu\\_content\\_id=1003583904&imw=Y](http://www.csnews.com/csn/news/article_display.jsp?vnu_content_id=1003583904&imw=Y)

remaining countries are operated through area licenses.<sup>\*\*\*\*\*</sup> This suggests more independence (ie. reduced vertical integration) for those with area licenses, but it just as likely has more to do with the degree of tacit cooperation (ie. horizontal integration) between the parent and its subsidiaries.<sup>\*\*\*\*\*</sup>

As described above, the expansion in the United States was slow and it began small. Though corporate operations have branched out into other businesses, such as gasoline and auto parts, they have always focused on their convenience stores and the franchising business.<sup>\*\*\*\*\*</sup> Nonetheless, this is different from the operations in places like Japan, Thailand and Taiwan where the 7-Eleven franchise has spread from the beginning through large diversified conglomerates with a number of different business interests. Because the conglomerates picked up the convenience store franchise when they were big, they had a classic economy of scale. They were also in smaller markets geographically than the US, particularly if one notes the concentration of convenience stores in major cities such as Tokyo, Taipei or Bangkok. A proportionately higher concentration of people, wealth and suburbanization lies around these cities than the more decentralized and fragmented urban situation in the United States. Bangkok, Tokyo/Osaka and Taipei represent huge agglomeration economies relative to their population size when compared with cities in the United States. Nonetheless, cities like Los Angeles which have similar geography also have a high density of 7-Eleven stores. Under the right conditions, economy of scale can permit quick expansion. Although expansion happened at different times and at different rates for Japan, Thailand and Taiwan, it was still quite rapid and extensive as the economy of scale theory can permit. Though the 7-Eleven convenience store chain is big in the USA, it has

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This is complicated by the fact that the older stores, those opened prior to the early 1990s takeover by Japanese investors, were originally licensed through 7-Eleven in the US. This includes the Thai operations of 7-Eleven that were opened by CP Group and are now operated by one of its subsidiaries. Now there is a trend towards competition between different area licensees for expanding the franchise beyond their nation state borders.

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For example, strategy for business about US 7-Eleven stores and Beijing (China) can be found in the annual report for Seven & i Holdings in Japan but not for Thailand's 7-Eleven stores.

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Much of this diversified expansion took place from the 1970s and into the 1980s before the 1987 stock market crash and competition brought much of the non-core business crashing down. In 1971 they had \$1 billion in sales and got a NYSE exchange listing. In this respect, it follows similar patterns to the Asian conglomerates like Thailand's CP Group in that rapid growth brought ideas of more extreme diversification before failures drove them to focus again on core businesses.



never had such scale in terms of geography or in the overall scale of their operations. This is particularly true in relation to the much larger urban and national demographics.

In the conglomerates case, the 7-Eleven convenience store business may be critically important to their overall business strategies, but it is still one among many businesses. This in part explains the different patterns of ownership, licensing and geographic spread that are less homogenous in the USA than in Taiwan, Japan or Thailand. CP Group, for example, which is the Thai licensee for the 7-Eleven franchise, has arguably the longest value chain of any 7-Eleven licensee in the world. They got their start with seeds and feed and now deal directly with the consumer, but they have not shed these links and continue to vertically integrate a number of new and old activities. They are the only firm identified thus far that began as an agribusiness firm. Agribusiness firms have long been known as the most vertically integrated businesses in the world often combining industrial and commercial production in one organization.<sup>25</sup> Only the Uni-President Group from Taiwan which also runs stores in the Philippines has such a long chain, but even they started with retailing. Retailing was the beginning for conglomerate franchise owners in the USA, Japan, Scandinavia, Hong Kong and Malaysia as well. There are less diverse components of organization to integrate in the USA, due to comparatively thin overall network of business operations. Operations in the USA and Japan tend to outsource supply needs more than their Thai counterpart. The length and scope of the CP 7-Eleven vertical supply chain reflects this.

### 2.3 7-Eleven's Internationalization led by Japan's emergence

The first international 7-Eleven opened in Canada in 1969 soon followed by the first franchised store in Mexico in 1971. The first Asian 7-Eleven store opened in Japan in 1974 through Ito-Yokado Co., one of Japan's largest retailers and business groups. \*\*\*\*\* In Japan, this followed a renewed emphasis in 1960s upgrading roads and the gentrification of

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<sup>25</sup> Akira Suehiro, "Capitalist Development in Postwar Thailand," *Southeast Asian Capitalists*, (Ithaca: SEAP, 1992), pg. 58.  
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Big Japanese conglomerates, like Ito-Yokada Co., which are often in close coordination with the government are referred to as *keiretsu*. Ito-Yokado Co., renamed in the last few years, is an important player in the supermarket chain and clothing businesses.

the landscape along them.<sup>26</sup> The government employed an aggressive growth strategy tied to the USA's geopolitical and trade interests but meanwhile urbanization proceeded more rapidly than infrastructure could be supplied.<sup>27</sup> This kind of lag in infrastructure development has been common in places like Bangkok, Taipei and a number of places in the USA. Concurrent with export growth was a domestic consumer boom as people began having less children and incomes rose. Japanese government policy supported domestic growth and exports both in order to spur industrial growth. In the 1970s, this brought what has been called the "New Generation" of more culturally globalized middle class consumers who viewed the USA less as a symbolic culture and more as a system of consumption at the level of everyday life.<sup>28</sup> Perhaps a sign of this is that all convenience stores in Japan have come to be known as *konbini* in order to denote the high quality of the food available and the packaging designed to meet an "on the go" lifestyle. 7-Eleven's parent in Japan, 7 & i Holdings Inc., promotes itself as offering a "Comprehensive Lifestyle Industry." This is in distinction to the US where convenience store food has paid less attention to packaging and the food has generally been viewed to be of a lower quality.

The early 1970s heralded "a new stage in consumer demand" featuring a government initiative of deepening and a complementary decentralizing of the middle income base as farmers increasingly viewed themselves as commercial actors, not peasants, and expected their work to be met with the most modern consumer items. Along this line, this is not so different from what happened in Bangkok, as rural development programs of the 1970s triggered further migrations of people from areas of recent farming expansion like the Northeastern region. In Japan, what has been called *doken kooka* (the "construction state") was short for a "cement industrial complex" where construction, real estate, financial services and the involvement of the public sector expanded with the rapid redevelopment throughout the country.<sup>29</sup> This was spurred on by the oil crisis, global protectionism and the need to

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<sup>26</sup> "History of Japanese Roads": [http://www.mlit.go.jp/road/road\\_e/hist/hist2.html](http://www.mlit.go.jp/road/road_e/hist/hist2.html)

<sup>27</sup> Curtis Andressen, *A Short History of Japan*. (Chiang Mai: Silkworm Books, 2002), pg. 141.

<sup>28</sup> Shunya Yoshimi, "Consuming 'America'," *Consumption in Asia*. (USA and Canada: Routledge, 2001), pp. 209-210.

<sup>29</sup> James Babb, "Politics, business and structural corruption in Japan," *Political Business in East Asia*, (London & New York: Routledge, 2002), pp. 324-338. Jeff Kingston, *Japan's Quiet Transformation: Social Change and Civil Society in the Twenty-First Century*, (New York & London: Routledge, 2004) , pg. 122.



spur on the domestic economy.<sup>30</sup> Retail business expanded greatly and began to create a new leisure environment with downtown Tokyo becoming a shopping mall.<sup>31</sup> Where the 1960s featured a dominance of individually owned ‘mom and pop’ shops, modern retail slowly began to expand with the built environment.<sup>32</sup> 7-Eleven stores in Japan began to expand in this context.

The parallels concerning government regulation for mom and pop stores and the manner of franchising is eerily similar to the recent expansion of 7-Eleven stores in Thailand. Like Japan, there has been little political opposition to convenience stores such as 7-Eleven in this case. Meanwhile, big retail stores have encountered political and legal opposition. As a case study on 7-Eleven in Japan indicates, “7-Eleven took advantage of restrictive legislation which sought to protect mom and pop stores by limiting the growth of large stores. It franchised existing stores, which limited political opposition, while enabling the company not to invest in real estate. Its stores were located in urban areas, and featured a sophisticated use of information technology, which permitted them to identify the exact requirements of consumers at each store. 7-Eleven Japan became the largest food retailer in Japan.”<sup>33</sup> A significantly more intensive built environment emerged in the 1980s. The built retail environment intensified and was perhaps symbolized best by Tokyo Disneyland. This was a symbol of Tokyo’s policy of internationalizing itself in order to attract foreign capital and deal with social tensions of a new group of immigrants from other Asian countries which were needed to work the construction and retail economy that was simultaneously being created.<sup>34</sup> This balanced Japan’s export of capital to these same countries as they relocated many of their subsidiary manufacturing needs.

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<sup>30</sup> Takashi Machimura, “The Urban Restructuring Process in Tokyo in the 1980s: Transforming Tokyo into a World City,” *The Global Cities Reader*, (London & New York: Routledge, 2006), pg. 149.

<sup>31</sup> Shunya Yoshimi, “Consuming ‘America’,” *Consumption in Asia*. (USA and Canada: Routledge, 2001), pg. 216.

<sup>32</sup> “7-Eleven Japan Co.,” Kellogg Graduate School of Management at Northwestern University, 2000. pg. 1.

<sup>33</sup> Geoffrey Jones, *Multinationals and Global Capitalism: from the nineteenth to the twenty-first century*, (New York: Oxford University Press, 2005), pg. 140.

<sup>34</sup> Takashi Machimura, “The Urban Restructuring Process in Tokyo in the 1980s: Transforming Tokyo into a World City,” *The Global Cities Reader*, (London & New York: Routledge, 2006), pg. 151.

By 1979, there were 519 7-Eleven stores. From 1984, there were 2,001 stores growing to 5,523 by the end of 1994. At that time, the average Japanese citizen was visiting 7-Eleven more than once per month. In 1994, 7-Eleven Japan Co. Ltd., the owner and operator of the Japanese franchise, was not only the largest retailer in Japan, but was larger than its parent company at the time, Ito-Yokado. However, 7-Eleven Japan Co. Ltd. still faced strong competition from other convenience store chains such as Lawson's, Family Mart, and Circle K in that order.<sup>35</sup> The core strength of the Japanese industrial system is held to be the information and distribution systems which underpin a well supported supply chain and regional network.<sup>36</sup> This kind of network is believed by some to enable the network to absorb shocks and build trust, an important element for the strength of personal and group networks which are often conceptualized through the term "social capital".<sup>37</sup> Though still stable, an increasingly less coherent labor market beginning in the 1990s characterized by a less stable middle class job market, networking is a logical social outcome.<sup>38</sup> 7-Eleven stores are ideally suited to deal with such a division of labor and social relations because their stores are networked through simultaneously centralized and decentralized information technologies. Information trickles vertically upwards to corporate management from stores organized horizontally on a geographic basis throughout the city.

An important part of their strategy which resembles that of Starbucks in the USA is called the "dominance strategy," and operates through clustering stores in a small geographical area, thereby creating a density of stores in one area.<sup>39</sup> This allows for cheaper and more efficient delivery to the store, lowering costs through scale, and allows for a good marketing/branding strategy that dominates particular areas. It discourages competitors through saturating the market. Because of its 24 hour service and ubiquitous locations, its bill paying services have some advantages over banks and government offices. Information

<sup>35</sup> 2008 Family Mart Annual Report:

[http://www.family.co.jp/english/investor\\_relations/annual\\_report/index.html](http://www.family.co.jp/english/investor_relations/annual_report/index.html)

<sup>36</sup> "7-Eleven Japan Co.," Kellogg Graduate School of Management at Northwestern University, 2000. pg. 2.

<sup>37</sup> John Field. *Social Capital*, (New York & London: Routledge, 2003), pg. 53, 137.

<sup>38</sup> Susan S. Fainstein, "Inequality in Global City-regions," *The Global Cities Reader*, (London & New York: Routledge, 2006), pg. 113.

<sup>39</sup> "7-Eleven Japan Co.," Kellogg Graduate School of Management at Northwestern University, 2000. pg. 1. Taylor Clark, *Starbucked*, (New York: Little, Brown and Company, 2007)



technology systems, sophisticated distribution and accounting, targeted promotional marketing, a strong strategic spatial expansion strategy and key linkages to financial institutions and real estate firms through their parent all form a strong and powerful integrated supply chain and network.

Perhaps a key macroeconomic factor for all involved in 7-Eleven expansion was the currency devaluation through the 1985 Plaza Accord. This lowered the value of the yen and accelerated government attempts to stimulate domestic consumption. This was combined with an explosion of Japanese investment to and between several developing Southeast Asian countries but initially spearheaded by significant investment in the USA. Many of the countries implicated as Newly Industrializing Countries (NICs) and following the East Asian Development Model either wholly or partly are key areas of expansion. 7-Eleven's heavy concentration and expansion in most of these countries and to a lesser extent in others is a good example of how such shared relationships and strategies come about, and offers a way to compare shared business practices. As a matter of international trade theory, the pattern of store concentration and expansions initially seemed to follow along a triangular multilateral American and Japanese axis of influence rather than that of former colonial states involved in a more bilateral decolonization process. This makes arguments about a homogenous and imperial style wave of "Americanization" and rationalization more difficult to sustain and suggests further interrogation of different national contexts.

In 2005, a huge retailing and financial services conglomerate was formed called Seven & i Holdings Co., Ltd. with the result that all Japanese, all Chinese and most American operations of 7-Eleven are now direct subsidiaries of this Japanese conglomerate.<sup>40</sup> Seven & i Holdings Co., Ltd. is the largest retailer in Japan, fifth largest in the world and the seventh largest grocery retailer in the world.<sup>41</sup> By default, it now owns the 7-Eleven brand, the world's largest chain store franchise. Seven & i Holdings Co., Ltd. bought the 7-Eleven chain's previous owner Ito Yokado Group and also the giant but struggling retail chains Sogo and Seibu of the Millennium Retailing Group. Seven & i Holdings Co. Ltd. has styled itself

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<sup>40</sup> The following information on Seven & i Holdings Co., Ltd. was sourced from the 2008 Seven & i Holdings Co. Ltd. annual report and the following website: <http://www.7andi.com/en/company/summary.html>

<sup>41</sup> Available from Planet Retail: <http://www.planetretail.net/NewsMedia/PAYG/PressRelease.aspx?NewsItemID=43894>

as offering “a New, Comprehensive Lifestyle Industry” and includes a diverse number of subsidiary businesses focused on the support of this ideal. In Asia, the Sogo and Seibu department store chains and the 7-Eleven convenience store chains quite widely spread.<sup>42</sup>



**Picture 4** 7-Eleven in Tokyo

Although familiar looking, the 7-Eleven icon in Tokyo (not sure about elsewhere in Japan) is different. All of the 7-Eleven stores seen on my trip to Tokyo in June featured this same 7 & i Holdings icon rather than the standard icon seen to the left in this photo. The product selection is very localized as well. These stores are called *Konbini* in Japan and refer to a lifestyle of consumption as much as a store. It has been recognized as Japan's number one food retailer in the past and features one of the world's most sophisticated distribution systems.

With the exception of most stores in the USA, those in Canada and those in China, existing 7-Eleven franchises in other countries still gain permission to use the 7-Eleven trademark (called an area license) through 7-Eleven, Inc., the original operator in America. In this sense, they are now only indirectly linked to this new Japanese conglomerate, Seven & i Holdings Co., Ltd., through their agreement with the original American franchise. In other words, there are stronger formal linkages to the parent, vertically, between American, Japanese and particular Chinese operations compared to operations in other countries. This is because the American franchise is under the organizational umbrella of 7 & i Holdings Co. Ltd. This is unlike the Thai and Taiwanese franchises which have area licenses. So number one and number two, the USA and Japan are together while Taiwan and Thailand, countries with the third and fourth largest number of stores, have area licenses. In the case of these latter two countries, the parent company or original trademark lessor relationships seem far less involved than the owner and operator relationship of 7-Eleven in its original country of adoption. This seems to have been the case in Japan as well until they took over financial

<sup>42</sup> 2008 Seven & i Holdings Co. Ltd. Annual Report



control of global operations. Now, 7 & i Holdings Co. Ltd. in Japan is interested in China and many 7-Eleven franchises have area licenses to operate in specific Chinese cities. Others are subsidiaries of 7 & i Holdings Co. Ltd., as is the case with the US franchise. The situation in China and other new countries look like they might have some parallels with that in the US as particular area owner operators compete for the opportunity to start 7-Eleven franchises in different Chinese cities. Nonetheless, this process would still need to be coordinated through headquarters in Japan and they would have to be involved in any decisions over franchises in new countries.

However, this blurring of formal linkages still includes the use of trademark, particular shared institutionalized norms and a keen interest in developing the brand. The owner of the trademark, now in the hands of Seven & i Holding Co. in Japan would still ultimately appear to have significant authority over any decisions that significantly alter norms.<sup>43</sup> For example, companies that have a strong hold of the 7-Eleven brand in their own country, such as CP All in Thailand, would probably need to work in close consultation with headquarters in Tokyo over any sensitive matters that directly relate to the maintenance of a stable brand image. This is primarily because the holder of the trademark is seen to be most important in the eyes of the law. Their interests in controlling brand image and profits are given paramount consideration. However, in favor of the franchisee is the attractiveness of the local market, the franchisee's position in it and entrance barriers.

Japan features over 40,000 convenience stores and has the most 7-Eleven convenience stores of any country in the world, with over twelve thousand.<sup>44</sup> Almost sixteen hundred are in Tokyo. Outside of possibly Taipei, where store numbers were unavailable, no other city in the world has as the over 2,200 stores in Bangkok. However, Taiwan, as a country, has the most 7-Eleven's stores per person of anyone in the world. Although 7-Eleven in Taiwan is the largest chain, this holds true for convenience stores in general as Taiwan has a more dense collection of convenience stores, per customer, than any country in the world. Since store numbers are unavailable for the city of Taipei and the close urban agglomerations

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<sup>43</sup> Celia Lury, *Brands: The Logos of the Global Economy*. (New York & London: Routledge, 2004), pp. 127-128. Edward J. Kelly and Sriwan Puapondh, "Franchising Basics in Thailand," Tilleke & Gibbins International Ltd., September 2002. Pg. 2.

<sup>44</sup> 7-Eleven Japan Co. Ltd. website: [http://www.sej.co.jp/english/company/n\\_stores.html](http://www.sej.co.jp/english/company/n_stores.html)

around Tokyo are distinctly marked, it appears that the city of Bangkok, defined within its boundaries as a city, has the second most number of 7-Eleven stores per person by population of any city in the world.

If one is to make attributions based on national business models, it seems that Japan, not the United States, has become a more exemplary model for strategy and growth of the 7-Eleven franchise. Like its success with automobiles and other technologies, Japan's importation and improvements to the 7-Eleven brand could be seen as another textbook case of successful import substitution followed by export. In the case of Thailand this is appears to be a possibility as well. This will be discussed in the chapter on 7-Eleven in Thailand. However, the continuous exchange of knowledge, business practices and institutional standards serves to blur many clear distinctions. Rather than an exchange of content we have a bounded yet fluid matrix of relations where form has migrated resulting in transformed content. Similarly, the brand itself has often managed to free itself from clear identification with any country and arguably promotes a somewhat bounded cosmopolitan character of convenience incorporating new qualities as it embeds and disembeds itself from new and existing contexts. This might become clearer when looking at the international migration of the chain.

## 2.4 7-Eleven's Growth Elsewhere and in the World Today<sup>45</sup>

With a store opening every four and half hours, there are now over 34,800 hundred stores worldwide in 17 countries making 7-Eleven the largest chain store of any category even more than McDonald's.<sup>46</sup> Unlike McDonald's, which is found in over 100 countries, 7-Eleven is more heavily concentrated in particular countries and regions.<sup>47</sup> One reason is due to the fact that 7-Eleven franchises have tended to be licensed through large companies in their country of origin with an eye on expansion rather than looking for individual or smaller groups to buy into the franchise, as is the case with McDonald's. This probably helps

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<sup>45</sup> All following store information numbers was gained from two sources: International Licensing at the US 7-Eleven site: <http://www.7-eleven.com/AboutUs/InternationalLicensing/tabid/115/Default.aspx> and the Seven & I Holdings Co. Ltd. 2008 Annual Report.

<sup>46</sup> Japan News Review: [http://www.japannewsreview.com/business/business/20070712page\\_id=598](http://www.japannewsreview.com/business/business/20070712page_id=598)

<sup>47</sup> McDonald's website: <http://www.mcdonalds.com/corp/about.html>



account for the greater degree of standardization at McDonald's stores when compared with 7-Eleven.<sup>48</sup> McDonald's is well known for keeping exceptionally strict control over their brand and they look for individual franchisees (rather than area licenses) that will closely follow their standards. One failed example of 7-Eleven's expansion efforts occurred when the Indonesian government recently denied Japanese government supported attempts to introduce rapid expansion of the 7-Eleven chain in Indonesia because they proposed to do so without a local partner.<sup>49</sup> Another example is Thailand's 7-Eleven operator, CP All Inc. Plc., which has been competing for the license to operate 7-Eleven in Vietnam.<sup>50</sup> Both Indonesia and Vietnam are highly coveted retail markets and are part of the most recent wave of retail expansion.<sup>51</sup>

The heaviest concentrations of stores by region are the approximately 20,000 in Pacific Asia (Japan, Taiwan, South Korea and select large cities in eastern and southeastern cities of China), the approximately 7,500 in North America (USA, Mexico, Canada and Puerto Rico), and the more than 6,000 in Southeast Asia (Thailand, Malaysia, Singapore and the Philippines). Australia and Scandinavia (Norway, Sweden and Denmark) have just over 600 stores total combined while Turkey has another 74 stores. The top five countries for number 7-Eleven store branches are Japan, the USA, Taiwan, Thailand and South Korea. It seems only a matter of time before China will catch up as they already have nearly 1,400 stores as compared to South Korea's 1,802 stores. If Taiwan is included as part of China, there are over 6,100 stores in China, on par with the USA. According to these figures, Asia as a whole has over 77% of all 7-Eleven convenience stores in the world.

Waves of store establishment and expansion tend to follow trade agreements, national economic growth and consumer trends, but the countries with earliest establishments of 7-Eleven have also maintained strong economic relationships with the United States or Japan. Although they still maintain strong ties, these countries no longer maintain the same degree of dependence, and growth is beginning to become more regional in character. Within

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<sup>48</sup> Celia Lury, *Brands: The Logos of the Global Economy*. (New York & London: Routledge, 2004), pp. 117-118.

<sup>49</sup> US Embassy Indonesia: [http://jakarta.usembassy.gov/econ/trade-invest\\_feb07.html](http://jakarta.usembassy.gov/econ/trade-invest_feb07.html)

<sup>50</sup> Bangkok Post: [http://www.nationmultimedia.com/2008/03/07/business/business\\_30067449.php](http://www.nationmultimedia.com/2008/03/07/business/business_30067449.php)

<sup>51</sup> Marc Dupuis and Jean Fourniox, "Building an International Retail Strategy," *Strategic Issues in International Retailing*. (New York & London: Routledge, 2006), pp. 51-70.

the growing 7-Eleven network of retail oriented groups there is more intra-network independence to search out new markets for those operators that successfully adopt the 7-Eleven brand. Those cities with closer political and business ties to the British like Hong Kong and urban Malaysia have been slower to establish the 7-Eleven brand and this style of convenience store. While those with other colonial ties and former communist leanings such as Vietnam, Indonesia and China have been slower to develop retail economies in general. The mixed and formerly protectionist economy of India, which is somewhere in between, has been even slower to adopt convenience stores. However, India, like China, Vietnam and Indonesia, is also seen as the next great boon for retail.

The earliest 7-Eleven stores were in North America with the US first influencing Mexico and Canada followed soon after by Japan and then Australia. Japan preceded Taiwan, Hong Kong and Singapore, the once acclaimed Newly Industrializing Countries. The Philippines, initially Southeast Asia's fastest growing economic country before suffering stagnation during the Marcos regime, was the first Southeast Asian country to have a 7-Eleven franchise followed by Malaysia and then Thailand. After that, and in rhythm with trade liberalization and investment, Shenzhen was first followed by Guangzhou, Macau and most recently Beijing. President Chain Store Group, the sole operator of 7-Eleven in Taiwan and an already well known retail brand in parts of China, has just won the right to open 7-Eleven stores in Shanghai by the end of 2008.<sup>52</sup> According to the Seven & i Holdings Co. Ltd 2008 annual report, China will be its most attractive new market for retail, but it is interesting that diversified national multinational operators of 7-Eleven in Thailand and Taiwan are also pursuing franchises for their own interests. Both companies, CP All Plc. in Thailand and The President Chain Store Group of Taiwan already have immense diversified interests that are not directly related, if at all, to 7 & i Holdings Co. Ltd. in Japan.

Asian countries entrance into food retailing was often led by large retailers operating on a regional or international scale such as Dairy Farm Holdings which is one of the largest grocery food retailers in Malaysia, Singapore and Hong Kong. It is also the operator of 7-Eleven convenience stores in Singapore and Hong Kong. European countries have developed their own retail network and have been slower to embrace the convenience store as a promotional tool for snack and fast food items. The convenience store concept as

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<sup>52</sup> Taipei Times: <http://www.taipeitimes.com/News/front/archives/2008/05/30/2003413311>



demonstrated through 7-Eleven (An American chain) appears to have been more popular for the promotion of snack foods in places like the US but not so much in Europe. However, the presence of 7-Eleven convenience stores in Scandinavian countries might provide an interesting pivot to question these assumptions. For example, the smaller Scandinavian countries, with the large retailer Reitan Group as the primary 7-Eleven franchise license owner in Norway and Denmark, have become part the trend of big retail expansion. Like Asia, Europe has a network of large expansionary retailers such as Tesco of Great Britain, Carre Four of France, Aldi in Germany or the Dutch Ahold Group. Only convenience store operations in Australia and possibly Mexico have escaped ownership by large retailers operating on a regional or international scale. In the US, 7-Eleven operations seem to have limited themselves to outsourcing the brand, but large retail grocers like Walmart are now becoming more like counterparts in Asia and Europe.

Thailand's CP Group with its convenience store concept at the head of its large scale operations, rather than a supermarket or hypermarket format, is an interesting point of comparison. This is because it is large like its Asian and European competitors but its most successful format for retail, the convenience store, is different. Whether they are able to expand into other countries using this format and how they promote snack foods (more healthy like Japan or more junk food like the US) are interesting questions. As far as the convenience store concept goes no one country has a monopoly on this concept even though the 7-Eleven brand might be the most popular. As we have seen, it is no longer strictly accurate to call it American either as a system or even as a brand anymore. This limited centrality has implications for understanding the localization of the convenience store concept and convenience in the countries where it is adopted.

## 2.5 7-Eleven Through a Telescope

The concept of waves is neither evolutionary in a linear or cyclical manner, but in a more random mimetic drift that still has fairly clear vertical and horizontal relations. The vertical relations are certainly still more distinct, but they are becoming more horizontal as they move further down the command structure in relation to the original center. From a linear perspective, there are disjunctures that rupture the continuity of spatial and temporal relations. In the case of 7-Eleven the vertical relationship started with the United States at the

top before migrating to other areas, most distinctly Japan, and now there are new vertical relationships attempting to establish themselves in places like Taiwan in Thailand with their expansionary plans to mainland China and Vietnam. In addition, 7-Eleven Inc. in the USA has expanded quite far beyond its upper middle class suburban origins in streetcar suburbs of Texas, having been absorbed by its former clients in Japan. It is now trying to revitalize and expand itself within its own territory. Meanwhile, developments in China and Asia more generally make it clear that the pre-eminence of 7-Eleven as a brand from the USA, relative to the rest of world, is by no means clearly identifiable as such nor does it seem predictable beyond generalities what form the 7-Eleven brand have as it continues to adjust to its local conditions in different parts of the globe.

Who would have predicted a capitalist China threatening the United States as the vanguard of consumer culture during the tension of the Cold War? What will popular vanguard of convenience as a retail form look like in the future? In the US at present there are other forms which do not fit a rigid concept of the modern convenience store, yet they are seen as centers of convenience. Some 'Western' inspired examples include "the packie" which specializes in liquor or the "mini mart" which is often a scaled down convenience store. In fact, the whole category of convenience store has been renamed c-store, perhaps in order to offer more flexibility for the concept.

In reference to his experiences in Marseilles in the early 20<sup>th</sup> century, Walter Benjamin once said that, "The more closely you look at a word the more distantly it looks back."<sup>53</sup> In surprise he also commented on, "How things withstand the gaze." In reference to the dominance of nineteenth century Paris as the consumer capital, he said that, "it bears its end in itself and unfolds it....with ruse." It is "as if" it knows what is coming and can see its own "ruins" even before they have come crashing down. This in line with the 'creative destruction' of capitalism mediated by the entrepreneur and valorized through Schumpeter. These metaphorical images provide conceptual space for evaluating the continual transformations of convenience stores. The longer backwards you look at the different transformations of institutions that might be described as conveniences stores, the more difficult it can often become to identify the distinctions between what a convenience store has

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<sup>53</sup> Walter Benjamin, *Reflections: Essays, Aphorisms, Autobiographical Writings*, (New York: Random House, 2007), pg. 144.



been and what it has become. As we look at different locations and times this task is made less transparent to the gaze. The “convenience store” as such is no exception.

In development terms, what has been seen as the so called “mom and pop” store, a culturally reductive and over generalized term for small independent retailers that vary throughout the world, may provide insights if we narrow them down to those that focus on convenience. For example, “the general store” in the USA preceded 7-Eleven as a popularized site of “convenience”, and was followed by the “drug store” yet both still have a presence even if it is no longer seen at the forefront of convenience. Competition for customers is always changing. Some form of branding for convenience has become more prevalent even if the side effect is the unintentional “branding” of mom and pop operations as something other than places of modern convenience. Whether this is really bringing development is an empirical question not helped by generalization.

It is easier but not complete to see things through the past. The 7-Eleven convenience store brand as a form that facilitates consumption makes it clear that trading relationships and networks through nations are also constituted and reconstituted through complex relationships intermingled with the economic. In the US, people’s food tastes have become more differentiated as the convenience store has developed in relation with fast food restaurants, supermarkets, restaurants and more recently the ever growing movement for healthier and more local foods. “Customers” as agents with various levels of knowledge, choice and taste have emerged while food production has become more concentrated and commercialized than ever before.<sup>54</sup> “Consumers are voting with their feet.”<sup>55</sup> They are not only customers but users of products and information that enable them to gain convenience. “Convenience” has arrived and customers demand more and more quality. As valuable as commercialization is for us as consumers this means the gap between us and the producers, large or small is under transformation.

Customers no longer have to rely on localized production of food alone to the same extent as before because the somewhat unregulated supply of food products (ie

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<sup>54</sup> Thomas Reardon and C. Peter Timmer, “The Supermarket Revolution with Asian Characteristics,” *Reassessing the Rural Development Agenda*, (Singapore: ISEAS, 2007), pp. 369-394.

<sup>55</sup> *Ibid*, pg. 389.

'liberalization') provides a level of competition for small food producers which make solely agricultural pursuits a near impossible way to make a living. Convenience in respect to the lifestyle choices that became available through liberalization has potentially become more of an abstraction than a cultural, social and politico-economic reality than before. Meanwhile, companies throughout the world struggle to keep up with and promote accepted desires for convenience. As much as they would like to provide one wholesome image of convenience, this task is complicated by the sheer diversity of local mores and tastes.

We might be tempted to say that, what appears "convenient" today will not likely remain so and people will continually redefine this aesthetic but practical form for the good life as opportunities are offered to them. Oak Cliff, Texas should serve as one reminder of how the idea of "convenience" has been transformed and appreciated. Ice seems to have had key symbolic value at the beginning of modern food retailing in many places.<sup>56</sup> However, the retail ice dock is now a 24 hour a day oasis, ice as a technology is increasingly being subsumed by refrigeration and other technologies, the symbolic totem is now an iconic simulacra of weightless rainbow colors. Meanwhile the ice, bread, milk and cheese that were once original products are now part of a growing crowd. But they are still important parts of the crowd. In Bangkok's 7-Eleven outlets, phone cards, cigarettes, beverages and fast food snacks are quite prevalent while people in the USA often like to buy lottery tickets, cigarettes, beverages and fast food snacks as well. In Japan, the spread of the internet technology and e-money have facilitated e-commerce through convenience stores, but this has not diminished the desire to do shopping in person.<sup>57</sup> All three countries are incorporating and have incorporated many of the traditional products and services with newer ones. After all, ice, milk and even bread may not be of the same importance as the past, but they are still common and often popular products at many convenience stores across the world.

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<sup>56</sup> Peter N. Stearns, *Consumerism in World History: The Global Transformation of Desire*, New York & London: Routledge, 2006.

<sup>57</sup> Yuko Aoyama, "E-Commerce and Urban Space in Japan: Accessing the Net Via Convenience Stores," *The Cybercities Reader*, (New York & London: Routledge, 2004), pp. 231-234.



## 2.6 Conclusions About the Internationalization of 7-Eleven

According to the 7-Eleven Inc. website there are three 7-Eleven convenience stores in Oak Cliff while Bangkok has over 2,000 of them and it is likely that many villages and towns in Thailand's provinces also have more than three. If origins were of primary importance, perhaps FamilyMart would be more dominant. It has nearly 14,000 stores in Asia (primarily Japan, Thailand and Taiwan), and it is the largest convenience store introduced by an Asian country, Japan in 1981.<sup>58</sup> Convenience as a valued lifestyle concept is widely shared, but it is clearly differentiated locally. Yet convenience stores and their brands seem to transcend the local at the same time. What constitutes convenience locally is difficult to pin down for it is as difficult to keep up with as the stories in people's lives. That is why convenience as part of a particular lifestyle is interesting. On a broader symbolic scale, customers as citizens of particular countries with 7-Eleven are becoming more closely integrated into a similar institutionalized lifestyle of convenience. The dynamics that constitute these lifestyles could provide important information on how convenience is localized. This chapter has demonstrated some of these dynamics at the level of development (which abstracts consumer demands) and business trends. Despite a number of striking similarities described in this chapter, the internationalization of the 7-Eleven convenience store concept and franchise has revealed a number of differences that appear largely shaped by local developments and transformations. This should strengthen arguments in later chapters that present the importance of the consumer in the process of localization.

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2008 FamilyMart Annual Report. It is further interesting that FamilyMart is more dominant in South Korea than its country of origin in Japan. There are over 3,700 Family Marts in South Korea and only approximately 1,800 7-Elevens.

## CHAPTER III

### 7-ELEVEN AND BANGKOK'S LANDSCAPE OF CONVENIENCE CONSUMPTION

#### 3.1 Changes in Modern Retailing in Bangkok

Thailand's modern retail food retail sector of the economy began in 1960s with the appearance of the department store and started having its most intensive investment in 1989.<sup>59</sup> Modern Thai food retailers are broken down by Ruangrai Tokrisna into 4 segments: department stores with food for those with higher income, supermarkets which tend to focus on either those with high income or middle income, hypermarkets focused on the lowest price and convenience stores that tend to offer secondary food items at a low price. Excessive investment in the retail sector by a heavily concentrated number of predominantly Thai conglomerates led to big debts at the time of the crisis. This made it easier for foreign investors to survey the field and step into the existing assets built during the boom period through Thai capital.

As described in several sections later in this thesis, this meant the divestment of assets in the larger retailing segments of CP Group's business, but it also included dominant foreign involvement in hypermarkets and in supermarkets which were separated from department stores where they had previously been. This included increased foreign ownership shares in existing hypermarket chains such as Big C of Thailand's and Carre Four which had previously been controlled by Thailand's Central Group. And this has been followed by the expansion of stores in the supermarket and hypermarket segments.

There is also a rapidly expanding array of modern style fast food restaurants that are available in shopping malls, department stores, at street vending carts and as stand alone stores. Many Western fast food chains are popular and numerous McDonald's, Dunkin Donuts, Mister Donut, Pizza Hut and KFC. For example, the Central Group's Restaurant Group runs 360 KFC stores and 88 Pizza Hut stores in Thailand and has recently announced

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Ruangrai Tokrisna, "Thailand Changing Retail Food Sector: Consequences for Consumers, Producers and Trade," Department of Agricultural and Resource Economics at Kasetsart University in Bangkok: Paper presented at the 2008 Thai Studies Conference in Bangkok, pg. 1.



plans to reach 450 and 108 in 2009 for each respectively.<sup>60</sup> What is interesting about this is that they plan to focus more on locations outside of shopping malls rather than inside where they initially got their start. As one might expect, they have a goal of expanding into all of Thailand's 750 districts. Like the detachment of supermarkets from department stores, this is a further indication of increased scale, scope and independence. This indicates that demand latent or otherwise is already there. It also reflects suburbanization patterns.

There are a small number of Thai branded chains that serve fast food western s including the Pizza Company and CP's Chester's Grill. There are also a much more significant number Thai branded restaurant chains that don't fall into the fast food category such as S&P Bakery and Restaurant (they carry their own brand of frozen ready to eat foods and a line of bakery goods), Black Canyon Coffee (like many coffee shops here they serve sit down food), and MK sukiyaki restaurants are frequently among the most conspicuous. Some Japanese restaurant chains that would not be considered fast food include Fuji, Zen and Oishi. Fuji and Oishi in particular are quite popular brands. There are a number of Thai franchised but Japanese styled chains such as the Yayoi brand that specialize in ramen style noodles as well. In terms of fast food Moshi, a Japanese hamburger chain, is one of the most recent entrants. The spread of these chains began in the 1980s and has accelerated in the 1990s until the present. Recent economic problems have only increased expansion plans of food retail in Thailand as retailers look to capitalize on Thai consumers growing appreciation for food at 'modern' venues.

What is significant is the spread of particular eating patterns for branded commodity foods served by these chains such as noodles, cheese and chicken. KFC, in particular, is among the most popular of these fast food chains.\* Its introduction in the mid 1980s coincided with significant urbanization and the increasing capability of pioneer companies

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<sup>60</sup> The Nation January 31, 2009. Pizza Hut, KFC and A & W restaurants are also part of Yum Brands Inc. an umbrella organization under Pepsico Inc.

\* CP Group originally supplied all of the chicken for KFC and operated many of the chains (particularly those not operated by the Central Group), but this changed after the 1997 Asian Crisis. KFC has found other suppliers for chicken since then.

such as CP Group to produce a standardized product beginning in the 1970s.<sup>61</sup> This was accomplished largely through the use of a contract farming system that slowly began to whittle away wholesalers in the chicken market. What began as an export to Japanese, European and American markets has integrated itself into the Thai food economy. Like CP Group, several of CP's competitors in the chicken market got their start with help from American agribusinesses (Sun Valley with Cargill) or Japanese trading companies (Centaco with Itoman). Although chicken is not as popular in Thailand as in other foreign markets such as the USA or Europe, it has become a more influential part of the average Thai diet. The bird flu in late 2003, drove a government campaign to eat chicken in 2004 in order to gain back shaky demand. This facilitated the move into more value-added pre-cooked chicken for many food retailers. CP Group has since developed an expanded line of pre-cooked CP branded chicken products which are available at all of their own retail stores as well as with their other preferred distributors. CP 7-Eleven carries many of these chicken products in its refrigerated section. Many of the new hypermarket and other retail stores found in the modern trade sector have similar items for sale from CP or other local companies producing processed foods.

### 3.2 Modern Retail Sales and Sector Market Share

Hypermarkets posted over half of all modern retail trade sales in 2001. However, CP 7-Eleven, in terms of market share has managed to keep pace with all but the two top retailers that CP Group had previously owned, Tesco-Lotus and Makro. Perhaps the major difference in terms of product competition is that the hypermarkets sell a full complement of many non-food products and fresh foods that retail close to wholesale prices while CP 7-Eleven offers a limited number of non-food products and fresh foods at modestly competitive retail prices. The limit on the fresh foods that CP 7-Eleven sells makes them less competitive with Thailand's traditional retail sector which has the primary market for fresh foods, the so called "wet markets."

In contrast to hypermarket and supermarket chains, convenience store growth has expanded with modern retail, but with a more constrained role for foreign investment.

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<sup>61</sup> Jasper Adam Goss, "Fields of Inequality" *The Waning of National Developmentalism and the Political Economy of Agribusiness in Siam: Case Studies of Development and Restructuring in Thailand's Agri-Food Sector*, PHD Thesis Griffith University in Brisbane Australia, February 28, 2002.



Although other factors are not entirely clear for all convenience store chains, one important competing influence seems to be CP 7-Eleven's dominance in the convenience store sector. Nonetheless, outside of CP 7-Eleven, foreign investment in the convenience store sector is present and growing. Most of CP 7-Eleven's competition such as the stand alone stores of FamilyMart and Tesco Lotus Express or gas station convenience store brands like Tiger Mart are foreign controlled operations. Unlike the fast expansion and competition between modern retail trade and traditional markets, the same does not go for convenience stores. In terms of store expansion and market share, all of the other convenience store chains are still struggling to maintain their place with CP 7-Eleven rather than catch up.

As mentioned in the introduction, CP 7-Eleven claims to control over 50% of the overall convenience store market in Thailand, including convenience stores at gas stations. In 2005, convenience stores owned 11% of retail sales with modern retail owning 45% of retail sales and only 5% of the actual stores.<sup>62</sup> Though hypermarkets own the largest share of sales, convenience stores are the most profitable after department stores.<sup>63</sup> Sales per store at CP 7-Eleven have also increased. High gas prices, inhibiting travel, may have helped also. Past studies based on business models have indicated there is significant room for modern retail expansion and particularly convenience store expansion.<sup>64</sup> CP 7-Eleven's aggressive plans for continued convenience store expansion indicate that the market is still not saturated.<sup>65</sup> Nonetheless, there have been reports since 2007 that profit margins are not high as before.<sup>66</sup>

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<sup>62</sup> Price Waterhouse Coopers Graph: <http://www.foodinternational.net/articles/country-profile/589/thailand-after-the-coup-struggle-between-modern-and-traditional.html>

<sup>63</sup> Ruangrai Tokrisna, "Thailand Changing Retail Food Sector: Consequences for Consumers, Producers and Trade," Department of Agricultural and Resource Economics at Kasetsart University in Bangkok: Paper presented at the 2008 Thai Studies Conference in Bangkok, pg. 7.

<sup>64</sup> Phil Zerrillo, "Retailing Trends, Opportunities and Pitfalls in Thailand," McCombs School of Business at the University of Texas at Austin, March 2003. pg. 4. Marc Dupuis and Jean Fourniox, "Building an International Retail Strategy," *Strategic Issues in International Retailing*. (New York & London: Routledge, 2006), pg. 61.

<sup>65</sup> AT Kearney Global Retail Development Index: <http://www.atkearney.com/main.taf?p=5,3,1,141>  
The 2006 ranking of Thailand in the Global Retail Development Index was number 12 out of 30.

<sup>66</sup> Reuters October 19, 2007: <http://www.reuters.com/article/consumerproducts-SP/idUSBKK6427220071019>

### 3.3 The Foodscape in Bangkok

The “food system” or as one author has called it, the “foodscape” in Bangkok is immense.<sup>67</sup> In my understanding, the foodscape refers to the people, the places and the human activities that not only reproduce but intervene in a food system that is continuously reproducing and transforming itself. The foodscape can initially be experienced as a visual phenomenon but it is also a complex organization of social relations that cannot be understood through visual means alone. The foodscape of Bangkok is integrated into the everyday lives of people throughout the city. Meeting people selling food in either traditional way or in modern ways is nearly impossible to avoid just about anywhere in the city. Some of the most common institutions of the foodscape from the traditional food sector are the traditional markets, grocery shops, an enormous array of street food vending and a variety of restaurants that either rent or own their own space. Some of these spaces are difficult to classify.

### 3.4 Thai Shophouses

For example, on the ground floor of shophouses, often structures with multiple floors, there is marketing space for just about anything that can be sold, but sometimes this includes fast food, snacks or in some cases a restaurant. In this case, living space and marketing space are quite integrated. The ground floor is used as marketing space while other floors are used for living or storage space. Shophouses, generally associated with Chinese immigrants that were heavily involved in the water based trade prior to the 20<sup>th</sup> century, are considered the primary retail marketing institution that initiated the transfer from water markets to land.<sup>68</sup> Though sometimes exaggerated, the water based trade was often conducted by a merchant boat system with storehouse boats (*rua tung*) that served as nodes for consumer goods to retail shops on land and water.<sup>69</sup> This system saw an accumulating decline beginning with the first road built in the mid 1800s and more finally when truck delivery gained ascendancy with the extension of the road system in the 1960s. Although internet shopping enthusiasts

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<sup>67</sup> Gisele Yasmeen, *Bangkok's Foodscape: Public Eating, Gender Relations, and Urban Change*, (Bangkok: White Lotus, 2006), pp. 28-31.

<sup>68</sup> *Ibid*, pg. 53.

<sup>69</sup> Steve Van Beek, *The Chao Phya: River in Transition*, (Kuala Lumpur: Oxford University Press, 1995), pp. 44-67.



may disagree, Van Beek's comment that, "Villagers go to markets; it no longer comes to them," gives a sense of this environment. Nonetheless, the appearance of CP 7-Eleven stores throughout every nook and cranny of Bangkok is an aggressive inheritor of this style of shopping. Various advances in drainage systems over time have also facilitated the move to land.

Like water based markets and CP 7-Eleven stores, where being close to transportation routes are important, so today's shophouses are most numerous in cities and towns.<sup>70</sup> Their integration of living space, food marketing space and storage space has grown in other types land based retail marketing.<sup>\*\*</sup> Homes of Thai and modern styles today have developed similar living and marketing functions for food though they seem to be more common in suburban or less dense periphery areas. Outside Bangkok in more densely populated villages, people will sometimes market food in front of their homes. Provincial towns often have shophouses with retail and wholesale functions for village shopkeepers in surrounding towns, but wealthier consumers and an increase in modern retailers with deeper pockets have weakened these relationships.<sup>71</sup> Just as we will see has been the case for convenience stores, the relative wealth of consumers and competition have been noted as key factors for the success of such shophouses in the past.<sup>72</sup> Like traditional markets, shophouses constitute vibrant aspects of Thai cultural life that are not just a matter of heritage.

### 3.5 Traditional "Wet Markets" and the Move to Land

Traditional markets in Thailand are most commonly called "wet markets" in reference to their past locations along the rivers and later the canals of Thailand's water powered economy and lifestyle. A tribute to this is one of Thailand's most famous tourist attractions, the floating market (*Talat Damnoen Saduak*), a modern sign for this water centric past. However, in Thai these "wet markets" are often referred to as "fresh markets" (*talaat sod*).

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<sup>70</sup> Gisele Yasmeen, *Bangkok's Foodscape: Public Eating, Gender Relations, and Urban Change*, (Bangkok: White Lotus, 2006), pg. 53.

<sup>\*\*</sup> In most cases they are not marketing food, but a large variety of non-food goods. However, the focus here is food marketing.

<sup>71</sup> Preecha Kuwinphant, *Marketing in North-Central Thailand: A Case Study of Socio-Economic Organization of a Thai Market Town*, (Bangkok: Chulalongkorn University Social Research, 1980) pp. 127-128.

<sup>72</sup> *Ibid*, pp. 129-132

Thai markets that might fall under the broad category of “wet market” might also carry a number of other appellations that distinguish time, place and primary products sold. Regardless, since the nineteenth century, markets have tended to become more land based and by looking at the difference between famous markets such as new and old markets (*Talat Kao* and *Talat Mai*) in Bangkok’s Chinatown Sampheng, it is possible to see that more of them include elements of modern construction materials and architecture.<sup>73</sup> The move to land and the construction industry that came along with it gradually facilitated the change from wood to modern materials of construction which gradually changed during the course of the twentieth century.<sup>74</sup>

In the early twentieth century it was believed that the most hygienic and efficient fresh food supply system prior to the refrigerator, air conditioning and pre-packaged foods was the butcher’s market because it used modern building materials to protect itself from the sun and rain while preserving the freshness of produce with water and ice. Just as the marketing of livestock and other goods at the butcher’s market could be seen as a convenience innovation and part of a much larger foodscape selling fresh goods, today’s CP 7-Eleven, as a small part of the modern retail foodscape, offers a safe, clean and comfortable place to buy its fast food meat products and snacks. However, these changes have not taken place in strictly linear fashion as bad vs. good political economy along with changing consumer preferences often limit the wholesale incursion modern institutional formats. These factors along with the evolving food production and procurement system in recent years have facilitated the rapid expansion of a new modern retail food sector in Thailand.

In 2008, there were 2,487 wet markets in Thailand according to the Internal Trade Department.<sup>75</sup> These “wet” markets do not only sell food or if they do they are often located near traditional places to buy non-food items. The clear separation between economic distinction such as a food market and a consumer goods market have only become more distinct in recent times and often they are still mixed together as part of one wet market.

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<sup>73</sup> Edward Van Roy, *Sampheng: Bangkok’s Chinatown Inside Out*, (Bangkok: Chulalongkorn University, 2007), pp. 157-166.

<sup>74</sup> Steve Van Beek, *Bangkok Then & Now*, (Hong Kong: Wind and Water Publishing, 2008), pg. 5. Van Beek notes that many shophouses were wooden until the 1970s.

<sup>75</sup> Elsevier International website: <http://www.topnews.in/thai-wet-markets-fight-back-against-foreign-mega-retailers-239618>



Many Thais will tell you that you can buy “everything” at these markets. Amongst many other things, one can often buy pineapple, pad thai, clothing with accessories and the latest hip hop single from different stalls at the same location. Nonetheless, such markets vary and at the fresh food markets one can normally find fresh fruits, vegetables and meats. Size of the market, hours and days of operation, variety of goods sold and type of market do vary and a number of larger markets in Bangkok are traditional distribution centers for retailers of all styles and sizes throughout the city.<sup>76</sup> The majority of goods available are locally sourced though a number of imported agricultural and other products are available on a seasonal and regular basis.<sup>77</sup> Many neighborhoods in Bangkok will have a smaller wet market nearby where local people can buy food for cooking, snacking or eating. Street food vendors and restaurants often source their food from other larger wet markets throughout the city. Additionally, virtually every town in Thailand has wet markets of their own.

### 3.6 Street Vendors in Bangkok

Outside of the neon lighting of modern retail outlets such as CP 7-Eleven street food vendors is probably one of the most familiar sights along the transportation routes and in the neighborhoods of Bangkok. The food vending sector of the economy is clearly large and performs important functions for the urban and national economy. Early studies considered food vending a form of subsidization for both the urban and rural economies with small scale food enterprise in the city allowing the industrial economy to grow through paying lower wages.<sup>78</sup> This further supported the growth of government administration. A key characteristic of the urbanization process is that it permits and sustains migratory flows of men and more recently women to and from the city. The small scale food vending economy can operate as a kind of safety net for workers particularly for those that have lost jobs in cyclical work such as construction. It can provide upward mobility for entrepreneurs and unemployable workers from other sectors that are successfully enlarge their food vending

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<sup>76</sup> Gisele Yasmeen, *Bangkok's Foodscape: Public Eating, Gender Relations, and Urban Change*, (Bangkok: White Lotus, 2006), pp. 53-58.

<sup>77</sup> “Thailand Marketplace and Gateway to Indochina,” USDA Foreign Agricultural Service (FAS) link available from: <http://www.fas.usda.gov/info/agexporter/1997/MayJune%201997/thaimrkt.html>

<sup>78</sup> Napat Srisambhand and Christine Stanton, *Thailand's Street Food Vending: The Sellers and Consumers of “Traditional Fast Foods”*, (Bangkok: Chulalongkorn University Social Research Institute, 1986), pp. 3-5.

business or invest their profits in new ventures such as restaurants or retail. Surplus cash can be used for children's education, support for family back home or personal consumption.

A majority of the food vendors are not originally from Bangkok so they will send money home to family in their home villages though in many cases this type of work is more a matter of survival.<sup>79</sup> Sometimes the money earned is supplementary or even complementary for couples and living and often working together in the city. This is true for students and younger family members who offer labor and sometimes have their own part time vending business. For working people that are often pushed for time, living space and spending money, this cheap but convenient food is often indispensable. Lunch time and after work hours can generally be observed as peak times. For the younger night time crowd, the snack and fast food from CP 7-Eleven and street food served in the late hours are peak hours of service though foods sold at this time are considered more of a leisure item than a staple food.<sup>80</sup> Moreover, increasing numbers of this young crowd have begun working at CP 7-Eleven stores which offer more stability and increased exposure to modern technology and management. Both institutions appear to be key elements that reproduce and intervene in Bangkok's nightlife while also helping to support modern lifestyles.

There is not enough room here to describe the different foods or sizes of local food vending businesses, but they tend to start with walkers (*doen re*) and move up in various gradations toward more stationary stalls with seating at which point they might transition to rented space for a more formal restaurant. This seeming evolutionary aspect tends to relate to time in the area or the time spent in the business, as the firm larger space held by a shopkeeper or restaurant owner as compared to a food stall or walking vendor would reflect longer time spent in the business.<sup>81</sup> Location as a matter of security of place and marketability at the right cost are generally crucial factors for any street vendor. Personal relationships embedded in social networks rather than money alone creates mutual

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<sup>79</sup> *Ibid*, pp. 161-162.

<sup>80</sup> Gisele Yasmeen, *Bangkok's Foodscape: Public Eating, Gender Relations, and Urban Change*, (Bangkok: White Lotus, 2006), pg. 50.

<sup>81</sup> *Ibid*, pg. 99



dependence for these entrepreneurs who are generally low in financial and technological capital.<sup>82</sup>

The streets are still full of small food entrepreneurs, but food vending is becoming increasingly more privatized and relationships professionalized as shopping malls, offices and schools often have food courts featuring the same items sold by street vendors. Like other parts of Thailand's food system, this type of vending is often organized through large agribusinesses.<sup>83</sup> However, this is true for select food vendors on the streets as well. For example, CP Group's 5 star chicken (*Ha Dow*) is quite common on the streets and offers vending equipment with chicken or duck meat through a street vending oriented franchise system. Nonetheless, a great number of vendors I have talked with source their meat through local wet markets and a number of items such as fish balls and noodles are sourced through smaller business operations.

It is often noted that women are the most common street vendors one meets through a Bangkok streetside dining experience though men are important members of the foodscape too, often selling grilled meats, beverages or particular varieties of sweets. They can often be spotted behind the scenes as well. It should be noted that many of these roles are interchangeable though they are not necessarily equal when relating them to other more private roles for women outside of work. Women selling grilled meats and men selling fruit or papaya salad or noodles are common even if they do not represent the majority.<sup>\*\*\*</sup> Retail food vending appears to be a public space that is a relatively equal space for both men and women as workers in spatial and occupational terms. Though one may argue things are changing at present, other roles for women in society such as elite women and women as consumers have been argued to be more restrictive.<sup>84</sup> This does not mean that factors like

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<sup>82</sup> Apinya Fuengfusakul, "Making Sense of Place: A Case Study of Vendors in the Chiang Mai Night Bazaar," *Imagining Communities in Thailand: Ethnographic Approaches*, Chiang Mai: Mekong Press, 2008), pp. 107-108.

<sup>83</sup> Gisele Yasmeen, *Bangkok's Foodscape: Public Eating, Gender Relations, and Urban Change*, (Bangkok: White Lotus, 2006), pg. 159.

<sup>\*\*\*</sup> *ibid*, pg. 8. According to a 1991 study in Thailand, women represented 82% of small-scale cooked food producers.

<sup>84</sup> *ibid*, pg. 31-34.

age, ethnic group, class and education are never factors when it comes to food vending, but suggests that they are less so than for most other occupational available to women.

Before romanticizing this trade, one must consider that it combines the prospect of wafer thin profit margins with considerable labor and features a number of entrepreneurs that continually struggle for space, financing and overall stability. Additionally, in contrast to labor in the cleaner but hot environment of growing rice, it involves work outside subject to the rainy, humid and polluted elements of the city. This might be compared by many looking for work with the protected and clean store environment of 7-Eleven. On the other hand, sheer numbers in the trade provoke the thought that it offers as more dignity and opportunity than other jobs that might be available.

### 3.7 Convenience Stores of Yesterday? “mom and pop” grocery stores

The label “mom and pop” is often used to apply to family run grocery shops of which Thailand had 300,000 in 2000.<sup>85</sup> In the city, grocery shops sell consumer goods of the food and non-food variety, and they often like to specialize in something such as traditional Thai or Chinese snacks that are not usually be found at convenience stores, supermarkets or hypermarkets. Nonetheless, individual food vendors may offer some of the same items outside or inside the areas where modern retail venues and grocery stores are located. The difference is that these grocery shops, often called *cho huay* or *raan khong cham*, are more centralized and larger in scale than individual food vendors. They have more space and an access to credit that allows them to offer more variety and depth of product selection than the individual food vendors. These grocery shops also like to offer more personalized service and often use creative marketing to sell a number of competitive consumer goods such as cigarettes or alcohol. Shop owners often do so because they have some flexibility in terms of standardization and the law when compared with modern retail stores. For example, they can pull cigarettes out of the package and retail them individually or they will often sell alcohol after midnight which is normally prohibited by law.

Like convenience stores, they offer a variety of household goods together with consumption items. Common staple items are snacks, beverages, liquor and cigarettes.

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United States Department of Agriculture (USDA) 2000 Report on the Thailand Retail Sector, pg. 13.



Although the size of these grocery stores varies, they are generally smaller than the convenience stores and they are mostly owned by individual families, often those of Sino-Thai ancestry. Yet the main similarity is that they offer convenience shopping. They differ in size, source of items for sale and also focus on selling different items depending on location and local competition. For example, most shops will source some goods from a wholesale network of middlemen, but now retail hypermarkets such as Tesco Lotus are also widely used. These middlemen are not a homogenous group in terms of size or method of distribution either. Some deliver to the shops while the larger ones do not and work through multiple layers of relationships. Those grocery shops that sell fresh goods will often source from wet markets, usually those that sell wholesale. The modern procurement system used by modern retailers has developed its own supply chain systems with distribution centers for each hypermarket, supermarket or convenience store brand.<sup>86</sup> This has greatly decreased the size of the previously dominant network of middlemen with their suppliers.

### 3.8 Further Morphologies of Retailing Formats

A great many grocery shops are one story homes with integrated living and marketing space. The door, if there is one, is open and not separated by glass. The shelf space is arranged in a casual manner with more limited quantity. Business functions such as accounting and residential functions such as washing dishes can often be observed in what I have designated as marketing space. More recently, some grocery shops have attempted to look more like a modern supermarket inside. They feature aisles with modern lighting fixtures and a glass enclosed exterior that sometimes has a hanging neon sign with the store name or colorful decals for marketing stuck on the glass. Some are shophouses that sell a similar array of convenience goods while others have other architectural features. It is very difficult to categorize grocery shops using modern functional criteria such as convenience store, grocery store or supermarket because their local function, choice of goods for marketing or store size is not always the same. However, small size seems to be the most common characteristic. Additionally, the modern convenience store sector seems to have similar categorical instabilities as Tesco Lotus Express, larger than CP 7-Eleven and offering

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Ruangrai Tokrisna, "Thailand Changing Retail Food Sector: Consequences for Consumers, Producers and Trade," Department of Agricultural and Resource Economics at Kasetsart University in Bangkok: Paper presented at the 2008 Thai Studies Conference in Bangkok.

more fresh foods, sits between normal distinctions for the convenience store and the supermarket.

A number of mini-marts and supermarket type stores that feature similar architectural features as modern convenience stores such as CP 7-Eleven and Family Mart, but they generally do not operate through the same distribution system. They have neither the same technologies nor capital and tend to be individually owned or family run. They tend to sell similar products as the convenience stores in a smaller space and with less quantity. It is not clear exactly how goods are sourced though traditional networks with middlemen do not seem to hold the same degree of importance as they do for grocery stores. Their main advantage seems to be the proximity to those living in the apartment and access to services such as room delivery. This can be bundled with other services such as food from the restaurant as well. It is possible that personal relationships could be part of the advantage but personal experience has not noted this as a consistent characteristic. The owner's will pay for labor even though it may be part time. Those mini mart type shops in local neighborhoods have the same advantage of proximity as those in apartment buildings but would seem more likely to focus on personal relationships, like the traditional grocery stores.

### **3.9 Convenience Store Logic and Symbolism**

Before going further, it is important to establish that CP 7-Eleven and its parent CP Group are mainly in the business of selling food. In addition, they do not sell agricultural produce and they do not focus on fresh foods, leaving most of that market to supermarkets and traditional "wet markets." Even though 51% of the goods sold last year at CP 7-Eleven were non-food items, the most profit is generally derived from food.<sup>87</sup> However, the nature of the convenience store is more of a compromise because it often sells other goods or services in order to get customers to come into the store to buy their snacks, beverages and fast foods which normally provide healthy profit margins. This means that CP 7-Eleven is not necessarily in direct competition with those selling non-foods. It is more likely to be more compromised competition with flexibility for both sides. However, there is tension because without these other products and services, it is unlikely the convenience store would be nearly as "convenient." This means that when the convenience store focuses on particular

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<sup>87</sup> 2007 CP All Plc Annual Report



non-food goods in order to draw customers, it may pressure put pressure on existing businesses, create barriers for new ones or force others out of business. Convenience stores advantage in regard to small and medium sized retailers is the “buying power” they have in their supply networks which allows them to buy in bulk.<sup>88</sup> These small and medium sized businesses must upgrade themselves, leverage their personal relationships or be very creative in order to survive. Other large businesses with similar buying power have potential to compete, but as reflected earlier other convenience stores in Thailand have not been able to compete with CP 7-Eleven effectively. This likely reflects that buying power is not the problem for these other large retailers.

So the make-up of these “convenience” goods and services is not only of the utmost importance, they must also cater to local desires. If this can't be accomplished, the other strategy would be to try and offer more stuff than other nearby competitors. CP 7-Eleven often manages to both sell more and sell what is different. Arguably they sell goods of a higher quality than many local retailers, even if this is only perceived to be so. Convenience stores manage space very efficiently. With the help of information technology, they have a good idea of what products and services to keep available for their customers. When this technology is used judiciously, and such technology makes it easier to do so, space can be made for new products that deepen the relations between the convenience store and their customers. Of course information technology goes hand in hand with other technologies such as packaging, advertising, promotion and the overall aesthetic. Important aspects of this aesthetic are achieved through architecture and engineering, but just as importantly through employees of the store who are professionally trained to look, act and perform in a certain way. A particular mood and atmosphere of cleanliness, order and transparent freedom seem to be the artistic inspiration of this aesthetic.

### 3.10 The Food Culture of CP 7-Eleven

Foods that CP 7-Eleven focuses on are significant in symbolic terms when thought about in relation to traditional Southeast Asian food culture norms. Food is one of the most important “everyday arenas” for the observance of rigid rules and boundary setting, despite

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<sup>88</sup> Ruangrai Tokrisna, “Thailand Changing Retail Food Sector: Consequences for Consumers, Producers and Trade,” Department of Agricultural and Resource Economics at Kasetsart University in Bangkok: Paper presented at the 2008 Thai Studies Conference in Bangkok, pg. 11.

the fact that these rules are usually “unspoken or only explicit.”<sup>89</sup> Snacks and fast foods especially those derived from meat along with beverages such as milk and sweetened drinks are considered “special foods” traditionally associated with richness and urban living.<sup>90</sup> These complementary “special foods” are typically eaten by groups of different households and provide a context for discussion and interaction.<sup>91</sup> They are “casual foods” that can be eaten without following normal eating conventions.

CP 7-Eleven stores are often situated near people’s living space and also near food stalls, restaurants or traditional markets where people sit together combining the convenience store snacks with more substantial foods. They are usually situated near places where different people can meet, talk and exchange with each other. Outside of the various technologies mentioned earlier, the social position of the convenience store and CP 7-Eleven provides a kind of socio-cultural technology that can be employed as variable tactics or as a more long term strategy. For example, the decision to sell or promote particular products such as instant rice meals for branding purposes is more of a tactical move in relation to the overall long term strategy of profiting from snack foods and beverages. However, the location of stores, use of particular technologies and select aesthetic features are more strategic because they are more capital intensive making them harder to change.

The most substantial or starch element of the meal, referred to as the “core”, is rice, though different varieties of rice noodles are often substituted for this in practice. \*\*\*\*

Vegetable and meat side dishes, like the snacks and fast foods of CP 7-Eleven, are generally considered complementary in relation to rice needs them in order to overcome its blandness. It is important to remember that both elements are complementary and like the sexes need to

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<sup>89</sup> Monica Janowski, “Feeding the right food: the flow of life and the construction of kinship in Southeast Asia,” *Kinship and Food in South East Asia*, (Denmark: NIAS, 2007), pg. 5.

<sup>90</sup> Penny Van Esterik, “Rice and Milk in Thai Buddhism: Symbolic and Social Values of Food Substances,” *Crossroads*, Volume 2 Number 1, 1984.

<sup>91</sup> Monica Janowski, “Feeding the right food: the flow of life and the construction of kinship in Southeast Asia,” *Kinship and Food in South East Asia*, (Denmark: NIAS, 2007), pg. 8.

\*\*\*\*  
 Ibid, pg. 5. Generally, these noodles are still rice derived so that the symbolism is diluted but not lost.



be combined in order to be whole. \*\*\*\*\* However, rice in Thailand, like water, is traditionally seen as central to the “flow of life” and is often inscribed with human characteristics. Rice has the nurturing role of a female and possesses human like spirit because it is seen to have a soul. Rice is not grown simply because it is easy, but because growing it successfully is a sign of merit. It is seen to build “complete communities of kin”, with the living and dead, and provides an arena where status is contested.

In this sense, CP 7-Eleven’s sale of snacks and fast foods can be seen as complementary with others selling core foods while others selling snacks, fast foods, desserts and beverages, often the smallest scale food retail sellers, are potentially threatened if they sell anything similar to CP 7-Eleven. Nonetheless, CP 7-Eleven often creates a well lit and busy area for these small scale food retailers to attract customers. It is again a compromised position for both sides even though small food retailers often find themselves at a disadvantage no matter where they go. Small food retailers often have to move around a lot, possessing small amounts of money which often prevents them from renting out space permanently.<sup>93</sup> Real estate development and the clean, well lit and professionally safe environment created by CP 7-Eleven store organization and technologies are paradoxically what may draw small scale food sellers to an area while generally constraining their opportunities at the same time.

### 3.11 Further Struggles within the Symbolic Economy

The point of the above symbolic examples is not to fix social structures but to point out a number of symbolic social, cultural and economic tensions that CP 7-Eleven might encounter through its sale of food and its place in the local economy. There are many potential pitfalls as well as opportunities. Stephen Sparkes, cited above, indicates that the villagers he encountered in his fieldwork were much more interested in creating continuity and harmony within an overarching set of values than emphasizing contradictions and

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Rice can be eaten on its own, and considered whole, in particular ritual and ceremonial contexts.

<sup>93</sup> Gisele Yasmeen, *Bangkok’s Foodscape: Public Eating, Gender Relations, and Urban Change*, (Bangkok: White Lotus, 2006), pp. 163-194.

tensions.<sup>94</sup> CP 7-Eleven as a corporation is clearly directed towards profit and a large number of CP 7-Eleven's customers are of a younger generation that is often described as having lost touch with many of the cultural norms mentioned above. However, many of the retailers and older people that live in communities near CP 7-Eleven and those who shop there are probably aware of and may have more respect for many of these norms. As such, one might assume that CP 7-Eleven, as a Thai managed operation, would not aggressively violate any tension filled cultural norms without carefully weighing the circumstances first. Unlike hypermarkets and supermarkets, CP 7-Eleven does not try to gather up a market for everything. This is true in dimension of space, products and socially. However, in terms of individual credit and buying power and particularly media resources through its retail network, CP 7-Eleven has immense advantages compared to most small to medium size traders and food sellers.

### 3.12 Conclusions about 7-Eleven in Bangkok's Retail Context

Despite the potential for a modern retailer like CP 7-Eleven to be unrecognized or even somewhat offensive to local lifestyles and desires as it has in some places in the USA, the 7-Eleven convenience store franchise in Bangkok seems to have become comparatively more accepted and integrated into the local urban retail environment and culture. The sketch of historical development earlier in this chapter shows how 7-Eleven, like shophouses and street vendors preceding it, appears to have managed to follow the desires and needs of Thai consumers in the context of everyday cultural life in Bangkok. When looking at the diversity and close proximity of retail institutions in Bangkok over time, it is fair to conclude that local residents really value the convenience of having their basic consumption needs met by a great variety of spatially proximate local retailers. Although spatial proximity may have become marginally less important with the improvement of local transportation, the spatial proximity and diversity of local retailers to the local consumer are still a vital aspect of daily life in Bangkok. This appears most particularly true when it comes to food and has presented 7-Eleven with challenges for marketing its own food products. As such, though the form of the modern retail landscape in Bangkok including 7-Eleven might resemble that in the USA or Japan, the timing and path of retail developments in Thailand are different from those briefly described in the USA and Japan by the previous chapter. This means lifestyles and

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<sup>94</sup> *ibid*, pp. 225-226.



local desires in Bangkok, like the variations in 7-Eleven's internationalization described in the previous chapter, are quite certain to have their own local flavor and characteristics. Therefore, the local Thai institutions involved in selling retail goods from street vendors to supermarkets makeup an assemblage of choices for the consumer that are quite unlike those in the USA or Japan. Furthermore, many local retailers in Bangkok offer types of consumption that differ greatly from that offered by CP 7-Eleven particularly in terms of scale and investment but equally true in the mix of products and services. The differentiation of products and services offered by local retailers, like that of CP 7-Eleven, has allowed them to not compete directly and succeed in varying degrees under environmental conditions that are very competitive. These retailers offer conveniences of a differentiated sort. This has also resulted in different strategies for Thai business and different consumption preferences for Thai consumers as we shall see in the following chapters.



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## CHAPTER IV

### CP 7-ELEVEN'S STRATEGIES AND DEVELOPMENT

#### 4.1 CP Group Foundations and Growth

CP Group, (Charoen Pokphand means “prosperous feed” in Chinese dialect or alternatively “commodity development” in Thai), has long benefitted from foreign linkages. It all began with seeds before expanding into animal feed, fertilizer and milling, but the growth in commercial chicken farming from 1955 onward enabled its expansion into the international market, an office in Hong Kong for food distribution in China. In the late 1970s CP Group became the first foreign investor in China and eventually one of its largest investors. This later led to a networking role for CP, helping both the Thai government and Western multinationals in dealing with China.<sup>95</sup> Like a number leading Thai businessmen, Dhanin Chearavanont, who has been leading CP Group since the 1970s, has Chinese roots. His father was one of two brothers that immigrated from southern China in the 1920s to Thailand, Ek Chor and Siew Whooy. They provided the basis for CP Group’s later success by starting seed business importing Chinese seeds. Though these ethnic Chinese roots have been downplayed in recent years due to more global trade integration and a more competitive Chinese business environment for CP Group, links to China were certainly important in the beginning.<sup>96</sup> Since the early 1990s a number of other linkages outside of Thailand and China seem to have developed more rapidly than before.

An important moment for CP Group’s company growth occurred with exclusive agreement to import chicken breeding technology from American agribusiness conglomerate Arbor Acres in the 1970s. In the late 1980s, CP borrowed technology for shrimp farming

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<sup>95</sup> Natasha Hamilton-Hart, “The Regionalization of Southeast Asian Business,” East Asia: The Construction of a Region, (USA: Cornell University, 2005), pp. 176-177.

<sup>96</sup> Pavida Pananond, “Thailand’s CP Group’s International Expansion,” Southeast Asia’s Chinese Businesses in an Era of Globalization: Coping with the Rise of China, (Singapore: ISEAS, 2006), pg. 348-355.



from the Taiwanese.<sup>97</sup> This was followed in the 1990s by the borrowing of foreign retailing technologies such as the 7-Eleven franchise system and the Netherlands cash and carry franchise Makro. The case of Makro is interesting because cash and carry stores are akin to the middlemen of the traditional wholesaling system but they use a more modernized system of procurement. Along with the Lotus discount chain (called a hypermarket), this affiliation with Makro probably helped CP with its procurement and distribution system when changing its focus to CP 7-Eleven. There was also a past failure to start its own brand of retail chicken before turning in 1985 to the KFC franchise, for which it supplied chickens. This agreement ended after the 1997 Asian Crisis and was replaced with the CP's own Chester's Grill franchise selling grilled chicken and focusing on healthier menu items.<sup>98</sup> This is complemented by their street vending franchise supply system, 5 Star Chicken. As can be seen here, CP Group has long associated itself with foreign brands while developing its own. This can be seen as an attempt to counter claims of weakness in businesses associated with Chinese ethnicity, such as CP Group, because they have been unable to develop their own particular brands.<sup>99</sup>

## 4.2 CP 7-Eleven at the Beginning

From the above narrative and it can be seen how CP Group has worked to gain knowledge up and down the chain of production and distribution processes. For modern retailing formats, the convenience store might seem like the next logical step after gaining knowledge from large scale retailers such as Makro and Tesco Lotus. However, things did not take place in this order. CP Group began the Lotus hypermarket in 1994, the joint venture with the Netherland Makro began in 1988, and CP 7-Eleven opened a year later. The appearance of the smaller convenience store might be explained by the fact that Thailand's middle class was still growing at that time and could not support the larger hypermarket

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<sup>97</sup> Jasper Goss, David Burch, Roy E. Rickson, "Agri-Food Restructuring and Third World Transnationals: Thailand, the CP Group and the Global Shrimp Industry," *World Development* V. 28 N. 3 pp. 513-530, 2000.

<sup>98</sup> Pavida Pananond, "Thailand's CP Group's International Expansion," *Southeast Asia's Chinese Businesses in an Era of Globalization: Coping with the Rise of China*, (Singapore: ISEAS, 2006), pg. 344.

<sup>99</sup> Edmund Terence Gomez and Hsin-Huang Michael Hsiao, "Chinese Business Research in Southeast Asia," *Chinese Business in Southeast Asia: Contesting Cultural Explanations, Researching Entrepreneurship*, (New York & London: Routledge, 2004), pg.13.

format of a Lotus.<sup>100</sup> While the larger Makro format, as a cash and carry store, supported businesses that were naturally in greater number than middle class consumers at the time. In between these retail segments, CP also managed a small number of Sunny Supermarket stores that were eventually taken over by the Food Lion chain owned by the Dutch Royal Ahold retail conglomerate.

CP Group opened the first 7-Eleven franchise store in Thailand on Patpong Road in 1989 after agreeing to a licensing contract with Southland Corporation, the original owner of the 7-Eleven brand.<sup>101</sup> At the time, it was designed to mainly serve tourists staying in the area. Given the smaller size of middle class consumers and the growing spending power of the average Thai consumer at the time, CP 7-Eleven's later expansion of stores appears to fall in line with broad trends such as increases in spending power and a larger middle class demographic. The growing penetration of CP 7-Eleven in Bangkok's suburban and peripheral areas and its diversified penetration into the provincial towns and larger villages are indicative of this trend. Although Patpong road is not a suburban location like the convenience store spread in the USA, it is an area where many consumers have higher levels of dispensable income and where much of the infrastructure is designed for the higher end daily living lifestyles of foreign tourists and businesspeople (both Thai and foreign). That the first customers were foreign consumers on holiday with comparably high levels of disposable income might not explain why 7-Eleven's current marketing images are somewhat disposed to elite cosmopolitan types but it appears quite certain that these first customers displayed a number of desirable lifestyle practices and characteristics that may well have been considered relatively elite and cosmopolitan in comparison to local lifestyles.

Although CP 7-Eleven was not the first convenience store opened in Thailand, it quickly became the most successful.<sup>102</sup> It had over 1,000 branches open by 1998 and by its

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<sup>100</sup> Keviin Hewison, "Emerging Social Forces in Thailand: New political and economic roles," *The New Rich in Asia: Mobile phones, McDonald's and middle-class revolution*, (New York & London: Routledge, 1996), pp. 137-160.

<sup>101</sup> 7-Eleven website:  
<http://www.7eleven.com/AboutUs/InternationalLicensing/tabid/115/Default.aspx>

<sup>102</sup> Ruangrai Tokrisna, "Thailand Changing Retail Food Sector: Consequences for Consumers, Producers and Trade," Department of Agricultural and Resource Economics at Kasetsart University in Bangkok: Paper presented at the 2008 Thai Studies Conference in Bangkok, pg. 2.



10th anniversary the number of stores had grown to 1,200. When this took place, its major competitor at the time, am-pm, had opened only 256 stores.<sup>103</sup> The next four years brought another 800 stores with the most rapid expansion happening between 2003 and the end of 2007, growing from 2,397 stores to 4,297 stores.<sup>104</sup> This begs the question why the growth was slower up throughout the 1990s.

### 4.3 CP Group, the Bubble Economy and Economic Crisis

One answer about the path of CP 7-Eleven's growth might lie in the dynamics of the Thai economy and the importance of protected businesses, a restrained competitive environment that has been called "competitive clientelism."<sup>105</sup> CP 7-Eleven first appeared just as the economy began a new boom period in the late 1980s. Until recently, it seemed to be just another piece in the strategic puzzle of CP's expanding business plans. This changed after the 1997 Asian Financial Crisis which started in Thailand and hurt many Thai businesses quite hard. Like most Thai firms at the time, CP Group developed heavy debts, but relative to most other Thai firms it was somehow able to react faster by selling off many of its assets and mobilizing new capital.<sup>106</sup>

Notable selloffs were partner shares in retail businesses such as Makro and the Lotus franchise to British retailing giant Tesco who renamed it the retailer Tesco-Lotus. A small piece of CP's 7-Eleven franchise was even sold to Singaporean investors.<sup>107</sup> It became a domestic environment more penetrated by foreign businesses, particularly in retail while the position of large domestic conglomerates that survived intact such as CP Group became

<sup>103</sup> *Ibid*, pg. 3.

<sup>104</sup> CP All Website: [http://www.7eleven.co.th/corp/investorzone\\_operational\\_info.php](http://www.7eleven.co.th/corp/investorzone_operational_info.php)

<sup>105</sup> R. Doner and A. Ramsay, "Competitive Clientelism and Economic Governance: The Case of Thailand," *Business and the State in Developing Countries*, (New York: Cornell University Press, 1992).

<sup>106</sup> Tom Wingfield, "Democratization and economic crisis in Thailand: Political business and the changing dynamic of the Thai state," *Political Business in East Asia*, (New York & London: Routledge, 2002), pg. 281.

<sup>107</sup> Pavida Pananond, "Thailand's CP Group's International Expansion," *Southeast Asia's Chinese Businesses in an Era of Globalization: Coping with the Rise of China*, (Singapore: ISEAS, 2006), pp. 335-337.

stronger.<sup>108</sup> Only the then small convenience store sector and the larger department sector remained under Thai control in the modern retailing sector of the economy. Government mismanagement of the crisis discredited incumbent legitimacy and paved the way for new leadership both politically and economically. Despite its debts, CP Group was presented with an opportunity to further embed itself into the economy, but with help.

#### 4.4 Entrance of Foreign Retailers and New Structures

The growth of CP Group was further facilitated through assisting British retailer Tesco, now Tesco-Lotus in Thailand, with its new operations and expansion. One of Thailand's other giant department store chains, the Central Group, did the same for the Big C of France's Casino Group. CP Group has close relations the other department store giant, the Mall Group. The Thai conglomerates helped the big foreign chains with property for lease and in the case of CP Group, they were opportunity to supply chicken to the Tesco chain in Europe.<sup>109</sup> However, CP still held onto the advantage it had long had in the Thai convenience store business. As seen through CP 7-Eleven's expansion, this became an important part of its strategy in Thailand.

With the loss of financial interests in its larger Thai retail enterprises to competitive global players, the CP 7-Eleven franchise must have become more attractive as a way to continue building their retail capabilities while working on further vertical integration. The concept of vertical integration here is perhaps best expressed by CP's slogan "from farm to table." Agribusiness and the food industry, which had long been its core, could be reconsolidated at its home base in Thailand while allowing for further development and consolidated control of its retail production, distribution and supply chain management.<sup>110</sup> Focusing on other core activities such as telecommunications and multimedia services would

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<sup>108</sup> Veerayooth Kanchoochat, "Services, Servility and Survival: The Accommodation of Big Retail," *Thai Capital After the 1997 Crisis*, (Chiang Mai: Silkworm Books, 2008), pp. 85-104.

<sup>109</sup> *Ibid*, 96-97.

<sup>110</sup> Pavida Pananond, "Thailand's CP Group's International Expansion," *Southeast Asia's Chinese Businesses in an Era of Globalization: Coping with the Rise of China*, (Singapore: ISEAS, 2006), pp. 333-363.



complement this strategy.<sup>111</sup> The company's advertisement's to become "The Kitchen of the World" is symbolic of how they hope this strategy will be implemented. Fresh foods such as microwaveable meals often found in CP 7-Eleven stores feature similar advertising that suggests branded culinary sophistication.

Thailand has long been the center of CP Group's social and business network, and it is a place where it can rejuvenate itself and compete to develop new technology and stronger management before trying new markets. Nonetheless it is important to remember that CP Group still has a large variety of business operations, stock market listings and markets in countries around the world. They have characteristics both inward and outward looking in their networking strategy, creating a feedback loop for growth. At present, their business is most profitable in Thailand and China. However, the original core of their business success, animal feed and livestock farming, are still present in nearly every Southeast Asian country.<sup>112</sup> They have a continuity of business on a national, regional and international basis. This strength of continuity is a common feature of multinationals that have cross border production networks like CP Group.<sup>113</sup> International strength of business locations is strongest when considering China although CP Group has developed significant size markets for export of food products to the USA, Europe and Japan. On a regional basis, this is complemented by their feed and livestock businesses in Southeast Asia

The recent focus on developing brands combined with emphasis on supply chain management and media allows them to use the strength of their core business while striving to compete in a more globalized business environment at home and abroad. It also utilizes the core foundations of strength in agriculture for which the Southeast Asian region and CP Group are well known.<sup>114</sup> Nonetheless, recent mixed success in China and abroad has raised questions whether CP, like Thailand, can compete in an internationalized business

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<sup>111</sup> Pavidia Pananond, "Thailand's CP Group's International Expansion," *Southeast Asia's Chinese Businesses in an Era of Globalization: Coping with the Rise of China*, (Singapore: ISEAS, 2006), pg. 333-363

<sup>112</sup> CP Group website: <http://www.cpthailand.com/GlobalNetwork/tabid/111/Default.aspx>

<sup>113</sup> Axele Giroud, "Foreign direct investment and the rise of cross-border production networks in Southeast Asia," *The Future of Foreign Investment in Southeast Asia*, (New York & London: Routledge, 2004), pg. 104-105.

<sup>114</sup> Philippe Annez et al., "CP Trading in Vietnam," ASEAN Business Case Studies 10 at the Centre for International Management and Development Antwerp, March 1998.

environment that is focused on retailing, distribution and technology rather than agriculture.<sup>115</sup> In Thailand, more than anywhere else, positive answers are more certain.\* It will be interesting to see if CP becomes involved in running 7-Eleven convenience stores in other countries as well.

#### 4.5 Institutional Environment during the expansion of CP 7- Eleven

Prior to the 1997 Asian Financial Crisis, government regulation prevented foreign ownership control in order to protect small and medium size retailers, the much mentioned “mom and pop” stores.<sup>116</sup> However, Thai government failures in mitigating the effect of the 1997 Financial Crisis undermined their legitimacy in many people’s eyes. Their response looked to restore growth as soon as possible which translated into a more outward looking strategy that was less restrictive about foreign investment than in past years. Foreign investment was quite welcome in the past, often through joint-ventures, but foreign ownership, gained through an intense spurt of foreign direct investment (FDI), was not necessarily so. The role of private banking in financing the economy had been more significant in the past and this had been dually reflected in the law.<sup>117</sup>

A new law called the Foreign Business Act was passed in 1999 and for the first time allowed majority foreign ownership in retail under certain financial requirements. Nonetheless, a clause in the law still prevented foreign majority owned ventures from selling agricultural products, food, and beverages. However, businesses in retail spending over ten million baht (\$25,000) were exempt from these restrictions.<sup>118</sup> Yet, anti-competition laws, property regulations and zoning laws contained additional provisions that could restrict

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<sup>115</sup> Pavidan Pananond, “Thailand’s CP Group’s International Expansion,” *Southeast Asia’s Chinese Businesses in an Era of Globalization: Coping with the Rise of China*, (Singapore: ISEAS, 2006), pg. 350.

\* By stock market capitalization, the three biggest businesses of CP Group in order of size are CP All Plc Inc. (operates 7-Eleven in Thailand and businesses in China), CPF (agribusiness and food industry), and True Corporation (telecommunications and multimedia).

<sup>116</sup> Veerayooth Kanchoochat, “Services, Servility and Survival: The Accommodation of Big Retail,” *Thai Capital After the 1997 Crisis*, (Chiang Mai: Silkworm Books, 2008), pg. 91.

<sup>117</sup> Jamie Mackie, “Thailand,” *Chinese Business in Southeast Asia: Contesting cultural explanations, researching entrepreneurship*, (New York & London: Routledge, 2004), pp. 96-97.

<sup>118</sup> Roy Tomizawa, *Start Up And Stay Up in Thailand: Stories, Insights and Advice from Enterprising Expats*, (Nontaburi: Alpha Research Co. Ltd., 2007), pg. 52.



expansion and monopolies.<sup>119</sup> Specific departments in the Ministry of Industry and Commerce were to be consulted according to particular conditions in the law. Instructive in this regard, is a recent undergraduate study in Salaya, in the suburban province of Nakhon Pathom at the outskirts of Bangkok, on the survival of local grocery stores and business in competition with foreign retailers.<sup>\*\*</sup> Their research concluded that before opening, chain stores such as CP 7-Eleven must register at the provincial level through the Ministry of Commerce leaving local stores and businesses uninformed. The local government's primary responsibilities were reported to be collecting taxes to cover infrastructural costs and servicing responsibilities. This indicates a lack of legal resources, cooperation and coordination at a local level for small retailers. This still supports the long held opinion that these so called 'alien bills' were created to support political rationale.<sup>121</sup> Rather than supporting Thai businesses in developing commercial expertise, what would seem to be a rational motive behind such a bill might reflect patronage styled politics more than strong policy for local business development. The average tenure of Thai politicians and the latest encroachment of foreign business in the Thai economy suggest what this policy has meant for small businesses. The fact that a new law has still not been formulated is equally troublesome. Meanwhile, modern retail expansion is booming and older retailers are lagging or disappearing altogether.

Post-crisis conditions indicated that land in Bangkok was very cheap, the regulatory framework for retail was looser, and many Thai retailers and banks were heavily in debt.<sup>122</sup> Most importantly, the government became less concerned about closely monitoring foreign investments. The current ubiquity of foreign retail in Thailand was largely facilitated by foreign retailer's ability to expand at low cost financially, but it was accelerated by low legal costs. Limited regulation inspired the desire to expand rapidly before new laws would make expansion more costly. Despite the changes to the law, it still contained provisions that could

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<sup>119</sup>

Price Waterhouse Coopers: 2004/2005 Global Retail & Consumer Study from Beijing to Budapest

<sup>\*\*</sup>

This was the result of a personal communication with one of the team members from Mahidol University.

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Roy Tomizawa, *Start Up And Stay Up in Thailand: Stories, Insights and Advice from Enterprising Expats*, (Nontaburi: Alpha Research Co. Ltd., 2007), pg. 51.

<sup>122</sup>

Veerayooth Kanchoochat, "Services, Servility and Survival: The Accommodation of Big Retail," *Thai Capital After the 1997 Crisis*, (Chiang Mai: Silkworm Books, 2008), pp. 85-125.

have restricted foreign control. In order to circumvent these provisions foreign retailers colluded with Thai nominees who held their shares for them so that they could maintain ownership control. To date, attempts to revise the law have remained unchanged while zoning laws, protest and increasingly limited space have slowed down further expansion. Despite this, foreign hypermarket retailers have found other ways to get around zoning laws such as reducing the size of their stores and using different retail formats. CP's adoption of the smaller convenience store format is perhaps another sly way to circumvent the poorly conceived tenets of a law that has facilitated rather than limited expansion.

There has been a great deal of political protest post-crisis because of concern for small and medium size retailers. This has resulted in the periodic halting of expansion for the large hypermarket stores such as Tesco-Lotus. The government has since attempted to provide incentive programs and support initiatives for small businesses.<sup>123</sup> Some provinces such as Phrae and Chumpon have even used the law and political protest to successfully resist foreign retail expansion.<sup>124</sup> However, the success of many of these government initiatives has been perceived to be marginal and foreign retailers are still continuing to expand.<sup>125</sup> For some who support the small retailers, consumers and not the government are equally to blame.<sup>126</sup> Some observers say that the foreign retailers learned something about Thai tastes from the Thai retailers such as the CP and Central Groups whom they purchased their holdings from. Other observers lay blame on a general mistrust of the Thai government or a historically favorable outlook towards foreign brands. Indifference is another complaint.

Newspapers have mentioned CP 7-Eleven in reference to the redrafting of the new Foreign Business Act and it has been mentioned in some articles that talk about protest towards foreign retail. But throughout the debates, CP 7-Eleven has continued to expand and at an accelerated rate. It has taken advantage of its small size and knowledge of the local environment to skirt under such laws while expanding and dominating the convenience store

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<sup>123</sup> Price Waterhouse Coopers: 2004/2005 Global Retail & Consumer Study from Beijing to Budapest

<sup>124</sup> Veerayooth Kanchoochat, "Services, Servility and Survival: The Accommodation of Big Retail," *Thai Capital After the 1997 Crisis*, (Chiang Mai: Silkworm Books, 2008), pp. 99-102.

<sup>125</sup> Price Waterhouse Coopers: 2004/2005 Global Retail & Consumer Study from Beijing to Budapest

<sup>126</sup> Veerayooth Kanchoochat, "Services, Servility and Survival: The Accommodation of Big Retail," *Thai Capital After the 1997 Crisis*, (Chiang Mai: Silkworm Books, 2008), pg. 104



segment of the food retail market. What might have been disaster has turned into an advantage. Although they still trail the likes of Tesco-Lotus in overall sales, they are at least equally well known in Thailand and more local because of their small size. In running CP 7-Eleven, they have combined the use of powerful trends encouraging domestic Thai consumption and the increased availability of new retailing technologies. This has facilitated possibilities of retail expansion and integration into the Southeast Asian region while developing further knowledge for competing in China and other foreign markets.

#### 4.6 CP Group and Rapidly Changing Consumer Trends

The food economy of Thailand has changed both gradually and dramatically at different times, particularly since the 1960s. An important staging ground for dramatic changes in lifestyles was initiated in the sixties, with crop diversification, and in the 1980s with new industrial food production methods and growth combined with the start of demographic movement into the suburbs from the overcrowded expensive city center. These changes became most visible as a mass change in the political reverberations of the 1970s and the consumer ethic of the 1990s. Middle class growth expanded dramatically in terms of income and education during these periods, particularly during the 1960s and starting from the mid 1980s. The spread and concentration patterns from city center to the suburbs in part mirrors the geographic spread of CP 7-Eleven franchises, albeit not perfectly. Demographic trends reflect urban growth around the core of the city rather than within it. A pattern reflected, visibly at least, by looking at the spread of CP 7-Eleven franchises citywide.

The recent property glut reported in the Sukumwit and Ratchada areas reflects a much broader historical trend of property development in a number of areas around the city core.<sup>127</sup> Commercial banks started recovering from the 1997 crisis by 2002 and the first signs recovery simultaneously appeared in the property market.<sup>128</sup> The accelerated expansion of CP 7-Eleven shops to 400-500 per year in 2003 went along with this trend as

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<sup>127</sup> Bangkok Post January 28, 2009.

<sup>128</sup> Bhanupong Nidhiprabha, "The Resilience of the Thai Economy," *Thailand's Economic Recovery*, (Singapore: ISEAS, 2006), pg. 12.

the stores sought to catch up with people buying property in suburban areas.<sup>\*\*\*</sup> This reflects a pattern observed in the buildup of shopping malls which follow the movement of a Thai middle class that moves to suburban areas in order to have more living space at affordable prices.<sup>129</sup> Local service infrastructure and other services tend to follow these movements as well. Many people were also likely able to get credit to buy housing that had remained unoccupied or under-utilized since the pre-1997 property boom. Webster, writing in 2004, indicated that about 80% of housing in Bangkok's suburbs was built by 1997. Development initiatives and resources, Webster indicates, tends to leap frog from city center priorities to what are called peri-urban areas which house manufacturing activities and transport links to shipping lanes. Suburban areas are sandwiched between these two areas of development priorities and thus present the perfect opportunity for those engaging in commerce to provide services such as shopping mall retailers, small mobile food vendors and retail shops and 7-Eleven convenience stores. Like elsewhere, the ability of people to afford such homes partly reflects smaller families with women now in the workforce, allowing less proportional overall resources spent on children and providing more discretionary income. Accompanying this trend a few years later were some of highest levels of car ownership in Asia, thus Bangkok's reputation for traffic. Bangkok and its surrounding area has also become a regional production hub for many foreign car manufacturers, most notably Toyota. The appearance of CP 7-Eleven stores along Bangkok's hub and spoke roads has surely benefitted from this fact. This goes for those who use cars for work, but the large number of taxi and bus drivers that are driving cars manufactured within Thai borders.<sup>\*\*\*\*</sup>

Bangkok has more young people than elsewhere and they would more likely look for lower cost alternatives combined with new tastes. For women in general, younger women particularly, this is important because Bangkok offers job opportunities that do not allow as much time for cooking at home and often predicate living away from home. For people living in the relatively undeveloped suburbs, administratively at least, of Bangkok, CP 7-

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As a point of reference, there are only 150-200 7-Eleven stores planned for opening in the entire USA this year. Convenience Store News:

[http://www.csnews.com/csn/search/article\\_display.jsp?vnu\\_content\\_id=1003942235](http://www.csnews.com/csn/search/article_display.jsp?vnu_content_id=1003942235)

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Douglas Webster, "Bangkok: evolution and adaption under stress," *World Cities Beyond the West: Globalization, Development and Inequality*, (Cambridge: Cambridge University Press, 2004), pp. 91-100.

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The vast majority of taxis in Bangkok are manufactured by Toyota.



Eleven offers conveniently accessible services such as bill payment, phone card purchase and a great variety of consumer goods. Few if any businesses in the newly populated periphery areas outside of shopping malls and department stores are consistently able to offer the same. And fewer still are always open. These stores particularly provide a safe feeling in the night in an environment that has had a reputation for being like the Wild West to foreigners while for Thais the city is 'dangerous'.



**Picture 6 CP 7-Eleven in Siam Square**

On the other side of the street is Siam Discovery Center. Even here the store stands out. This is especially true at night because of the 'clean look' projected by fluorescent lighting. Even in this very popular shopping zone, this store sticks out.

Though the larger picture involves change in complex value chains, the argument here is that the goal is to deliver higher value-added foods for the changing food tastes of Thai consumers. For CP Group, Thailand is the main place where experiments for upgrading their business take place and CP 7-Eleven appears to be a primary testing ground. Retailing allows access to numerically more customers than its core business in feed and livestock and it is supported by core businesses in media, logistics and distribution that allow for business development. Food retailing also offers potentially higher profit margins than feed and livestock businesses. Thailand has made claims of being a regional hub for a number of businesses including food while CP Group, the self-proclaimed "Kitchen of the World" is a business trying to stay globally competitive and more technologically savvy. This strategy promises to develop food capabilities through retailing, distribution, logistics and media

while arguably its success depends on small farmers and the growing army of local product suppliers. Getting local entrepreneurs to buy into CP 7-Eleven stores as franchise owners and integrate them into neighborhoods and communities would seem vital to the chain's future success. Far less than half are still run this way as the end of 2008 reflected 2,671 corporate owned stores and 1,813 franchised stores.<sup>131</sup> In my opinion, the character and dedication of the chain to support local franchise owners will be most important in the long term success of this chain. It remains to be seen if this will happen, but corporate social responsibility activities and the establishment by CP All Plc of retail training institutions and university education would seem to be a step in the right direction. It is hoped that these institutions can be held accountable for providing the necessary skills for such a project and that they are able to bring in the right people to drive it. The near fifty thousand people working for CP Group's three core operations in Thailand, 25,000 plus with CP All Plc., are and will continue to provide good examples of how well this is going.<sup>132</sup> They should also reflect the lifestyle values that CP strives to promote with its new branding strategies.

In the spirit of the fragmentation of trading blocs that have developed, it is still not out of line to conceive of a more regionally integrated food system. Of course it will probably not reflect the geographic borders of ASEAN, East Asia, or other more distantly linked configurations. Nonetheless, CP appears to be intensifying its existing presence in the Southeast Asian region and in China. In Vietnam, a competitive retail market, CP Group has stated intentions to not only expand their strategy through the 7-Eleven brand but through their Lotus superstores and their CP Fresh Mart format which already has existing stores in Ho Chi Minh City.<sup>133</sup> As other Southeast Asian countries develop their food and retail markets, it seems nearly certain that CP will be involved. CP's presence in China is more extensive and complex than anywhere but Thailand. CP Group already has retail links in China and existing feed/trading businesses with distribution networks throughout Southeast Asia and other parts of the world. This leaves a number of possible connecting corridors for them to pave with their growing retail technologies, resources and experience. The continuing transformation, spread and international concentration of the 7-Eleven franchise

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<sup>131</sup> February 2009 Presentation of CP All Plc Ltd for Year End 2008:

[http://www.7eleven.co.th/corp/investorzone\\_main.php](http://www.7eleven.co.th/corp/investorzone_main.php)

<sup>132</sup> 2008 Annual Reports for CPF, CP All Plc and True Corp have employee numbers.

<sup>133</sup> Bangkok Post July 2, 2008.



whether run in cooperation with CP Group, the Taiwanese operations, parent operations in Japan, original headquarters in the US or through respective domestic business enterprise initiative seems certain to be part of a process that is neither borderless nor entirely border bound. Several countries within the ASEAN bloc are likely to be part of these considerations although it is still not clear in countries like Myanmar, Cambodia, Laos, Indonesia and East Timor when this will happen.

The standardization of food retailing and lifestyle promotion through modern retailers like 7-Eleven could help create increased convergence regionally in ASEAN and the APEC blocs. Nonetheless, looking at the different 7-Elevens on comparative basis internationally or regionally it is clear that these chains are not clearly homogenous or imperialistic as implied by many writings on multinational enterprises. There is a simultaneous degree of convergence and divergence that mirrors the tension filled lifestyles and consumption patterns of consumers struggling to lead a better life and expecting to feel good about it. The 7-Eleven franchise has clearly been significant in Thailand, in the US, in Japan and in Taiwan and not simply because they have many customers. The name 7-Eleven has been spoken, in many languages with different linguistic outcomes, and it has been branded, formally and informally. Marketing and distribution are key aspects of its influence. CP Group has entrenched itself in a country within the strong Thai media network so it has given itself a good start. As one scholar writes on the regional middle class, “the novelty of the familiar.....is the key to capturing regional markets or their segments.”<sup>134</sup>

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Shiraishi Takashi, “The Third Wave: Southeast Asia and Middle Class Formation in the Making of a Region,” Paper presented at the Center for Southeast Asian Studies at Kyoto University on October 6-8, 2004.



**Picture 7 CP 7-Eleven Phetchaburi Road Soi 7**  
This is one of two CP 7-Eleven stores along this narrow Phetchaburi Road soi.

#### 4.7 Image Making for a 'Modern' Middle Class

The so called middle class is often viewed as an opaque group in Thailand. \*\*\*\*\*

However, that does not mean that the Thai media does not propagate images of Thai middle class life. It is clearly visible from casual observance that Thai soap operas, advertisements and movies repeatedly propagate lifestyles that are most consistently middle or upper class in terms of residence, choice of transportation and disposable income. The nuclear family is common in many commercials and they are consumers that clearly implicate many aspects of a lifestyle that is not only middle class or higher but young. It is clear that CP 7-Eleven would like to target such a market of consumers because they can sell their higher priced frozen meal offerings such as the Ezy Go brand. Early 1990s marketing research indicates this particular strategy is not new and that it then had limited success. \*\*\*\*\* My casual conversation with many Thais regarding this refrigerated line reflects a limited desire and

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One foreign scholar goes so far as to say that there is no Thai middle class. He does not mean that there are no middle class elements, such as the voice of the Thai media, but that there is no large single coherent middle class group that is easily defined. James Ockey, *Making Democracy: Leadership, Class, Gender and Political Participation in Thailand*, (Chiang Mai: Silkworm Press, 2004).

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The ready to eat foods at CP 7-Eleven are not CP Brand, but 7-Eleven brand called Ezy Choice or the generic brand sold in the store such as Ezy Go.



even a disdain for this kind of food. Perhaps like the Thai middle class, this market is hard to identify. \*\*\*\*\* Regardless, not all but a number of 7-Eleven stores are well stocked with these ready to eat refrigerated meals.

Accordingly, CP has been developing a broader array of refrigerated foods that are ready to eat. They have several new 7-Eleven branded ready to eat meals that complement the Ezy Go brand as well as a number of other fresh food items with the CP brand on them. Not all of these have the CP brand affixed to the packaging so it is not exactly clear how CP brand strategy is attempting to associate all of these foods under its CP brand umbrella (found in slogans such as Kitchen of the World). CP Group and its 7-Eleven franchise's role in this are still not entirely clear. This is all the more true when talking about the Thai middle class as a homogenous group. This explains CP's attention to lifestyle and the experimental use of CP 7-Eleven to promote these aims. For example, none of the ready to eat refrigerated meals or bakery goods uses the CP brand name. Most of these feature the 7-Eleven brand or use another brand line such as Ezy Go. The CP brand at CP 7-Eleven is mainly used for snack size meat, dairy and egg products. Most of these are microwaveable or already available to eat. It must be recognized that CP All Plc promotes the 7-Eleven brand foods while CPF promotes CP brand foods. Both of these companies fall under the CP Group umbrella and perhaps symbolized the difference between convenience (CP 7-Eleven) and comfort (CPF promotions). The discussion below will further illuminate issues of branding continuity/discontinuity, which goes hand in hand with image making and diversification, which characterize the CP food brand and its relationship to the CP 7-Eleven franchise.

One example of a target market for the Ezy Go ready to eat brand can be seen through CP 7-Eleven's advertisements that project a loosely defined young segment. This group could be assumed to have enough income to pay for processed foods that are in the higher valued added category. Ezy Go is essentially a refrigerated product that requires little actual preparation. This would logically suit a class of young people that do not cook much, either for lack of time, space or knowledge. Although not necessary for consumption, we might also assume that this projected segment can pay for the complementary consumer appliances that facilitate more convenient and easy consumption such as microwaves and refrigerators.

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My use of the official term for middle class in Thai *chon chan klaang* with Thai friends has often drawn blank or confused stares.

One particular video clip on the CP 7-Eleven website offers some insight into the way this market is targeted.<sup>135</sup> The ad starts with an older man and woman cooking in the kitchen. It then shifts to a scene with professional cooks preparing what we can assume is higher end cuisine. It finishes with a young man receiving an Ezy Go meal from the chefs and popping it into the microwave. The association of common labor (the act of cooking), professional labor (chef's cooking) and the labor of youth (technology does everything) is hard to miss. The clever use of images, run like an assembly line with the young man at the end receiving an updated food product (Ezy Go), might give one the impression that the young man at the end is able to hold everyone and everything together without doing any of the work. This advertisement might be thought to represent the division of labor in the food industry. Many of the vendors on the street selling food are older and female, many people working in restaurants are of a more mature age while young people work in much of modern retail's food industry. Hard work over food preparation, something Thai food is especially known for, has been transcended by youth and technology. From this advertisement here, we can see that the lifestyle image produced is one of convenience and "no work." If the young man were really holding everything together, the advertisement would need to include others in more labor intensive jobs selling and producing food, such as street vendors, farmers and workers at processed food plants among many others. However, it can be assumed that this would neither be a typical "urban" image nor show convenience in regard to work or consumption habits.

By virtue of these exclusive images, a young middle class youth group is given both license to act and a projected level of food sophistication. This particular image is an assertive one that alludes to a younger generation with sophisticated taste, higher income and leadership qualities. The youth is seen as dynamic and active while the images of the chefs and old people are more passive. This is because the focus is on an active successful lifestyle rather any particular consumer image. Furthermore, this youthful lifestyle is projected as ostensibly more convenient than that of a projected pasta images that are more static and also submissive to the inevitable present. This projected sense of hopeful inevitability is insinuates a sense of authenticity through connections with familiar role model images. That

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<sup>135</sup> CP 7-Eleven website: <http://www.7eleven.co.th/corp/>



the image in this particular spot is a male deserves both qualitative and quantitative investigation not followed up on here.

Aspirants and residents that hover within a middle class lifestyle might find advertisements for CP's new line of refrigerated foods in magazines on lifestyle and cuisine. Such magazines can be found on many CP 7-Eleven store shelves and elsewhere. The foods in these ads are not directly identified with CP 7-Eleven but with the CP brand. Some of them are available at CP 7-Eleven stores but many of those associated with the CP brand are available at CP Fresh Mart. The full line of CP brand products is available at CP Fresh Mart stores. This means that a distinction is being formed between CP branded foods at CP 7-Eleven and those at CP Fresh Mart. One might assume that CP Fresh Mart is the place where more secure and mature members of the middle class will shop. Advertisements placed near bus stops, on and around the BTS skytrain and along major arteries throughout Bangkok feature CP brand foods. The middle class featured here is not only the comfortable nuclear family sitting at home but professional white collar singles that value the convenient time savings offered by microwaveable foods. More generally, the 7-Eleven icon, which hovers seamlessly high in the air during the night, is a clarion call for late night commuters, travelers and workers that need a break. In Bangkok, the icon is often suspended several levels above the store. This is because most stores are built on or in front of taller structures. We can see in the above examples that the mode and location of advertisement presentations try to attune themselves to the rhythms of several different lifestyles. A proliferation of such modes and locations of presentation more than the character of the images themselves, is an indicator that the appeal to a middle class segment is less effective than trying to assimilate promotion within particular lifestyles. My own casual observation reveals that these visual advertisements have only begun to appear with more strident frequency in the last two years.

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**Picture 8 CP 7-Eleven Soi Rang Nam**

This is one of four CP 7-Eleven stores clustered along Soi Rang Nam which features a middle class inspired leisure environment (two shopping areas, numerous bars and restaurants and a public park). This location, with an assortment of apartments, has condos and other housing arrangements. It has a real city feel and many of the areas youthful people that frequent its multiple entertainment venues might be considered part of Bangkok's young middle class. Trees, parks and shopping dot this urbane setting.

The logical conclusion here, because the advertisements mentioned above do not reference the CP 7-Eleven brand, is that the convenience store franchise is not primary to the strategy for promoting these goods. However, it is premature to dismiss its role because some CP 7-Eleven store locations feature more diverse product lines than others. Food's role in lifestyle at CP 7-Eleven might appear to be secondary to that of various lifestyle items such as CDs, books, movies, loyalty cards, counter services, magazine product lines, etc. Being quickly dismissive underestimates the role of beverages in lifestyle. Both alcoholic and non-alcoholic beverages are known to carry significant lifestyle markers and their consumption is less limited by class boundaries. CP 7-Eleven stores, in reference to supply, generally appear to be one of the primary marketer of these products in many parts of Bangkok. This is provided that other modern retailers or large local grocery stores are not nearby. One lifestyle exception here would be related to those that buy these items in bulk and store them at home. Another would be a woman who stays home and cooks buying most of the food at local wet market or the supermarket. Furthermore, higher income, car ownership, storage space and refrigeration are not requirements but would certainly make it easier for this group



to bypass the higher priced and less convenient middle man in this case, CP 7-Eleven. As such it can be seen that CP 7-Eleven and CP Fresh Mart work in tandem with one targeting an emerging middle class (CP 7-Eleven) and the other targeting the mature middle class (CP Fresh Mart). A simple interpretation would be that the idealized lifestyle of middle class youth is one of convenience while that of the mature Thai middle class is comfort. Since this research does not look directly at CP brand images, this simple interpretation is all that can be provided. Furthermore, the 2007 CPF annual report provides no clear explicit guidance on the direction of a specific target image consumer for its brand image. They have many brands under the CP umbrella and use many different names both inside and outside Thailand. Nonetheless, it is likely that the brand image being projected in Bangkok and across the country is probably pretty consistent.

Visual advertisements such as those above are complemented by radio advertisements. CP 7-Eleven radio advertisements, unlike the video clips mentioned above, are more focused on particular products and promotions. These advertisements have regular spots on a variety of Thai radio stations. From what I have observed, they appear in much greater quantity than TV spots. They are always upbeat and rapid but more one dimensional. However, they benefit from the fact that they can equally catch someone on the go as they can the more sedentary listener. By necessity, they are less theatrical than TV spots so they serve a more obvious instrumental function. They provide more succinct marketing information in short spots of thirty seconds or less. This allows a wider scope than TV as these can be heard almost anywhere in the city. The only thing more widely dispersed is word of mouth. Similar in regards to using a quick hit strategy, are storefront promotions. These often feature well dressed young people, often desirable looking young women, using a microphone, high decibel music, free giveaways and discounted merchandise. This is an opportunity to gather marketing research through contact with passersby even if they don't buy anything. Both of these strategies cast a wider net than TV advertising and seek to broaden the market. Though they may use some new techniques they represent a more traditional mode of marketing that has more difficulty going after a particular lifestyle. Thus the reason they often focus on price, new products and discount offers. They equally suit a lifestyle assumed to be convenient as one that is not.



**Picture 9 CP Image Making at Siam Paragon**

This advertisement for the CP Brand is at the skytrain exit in front of Siam Paragon. On the left is an example of the younger emerging middle class lifestyle (the female student on her mobile phone) and on the right is the more mature middle class (the image of two youngish women looking over refrigerated food products that might be found at CP Fresh Mart). This image projects the easy convenience of tasty food in everyday life as it says in Thai (*chiwit arawy tukwan*). The skytrain and shopping mall location, chosen lifestyle images and even the use of English connote urbanity. As if to show the natural connection between these two middle class groups, there is a CP 7-Eleven store to the right and just behind this picture.

Another mode of advertising concerns the mostly female clerks that work in CP 7-Eleven stores. Many of them are young women with ties to provinces outside Bangkok. They wear uniforms, operate sophisticated equipment and do business in a modern professional way. We might assume that they have an easier more steady income and receive other desirable benefits associated with multinational employers. This contrasts with the often older women who sell food on the streets, often directly outside CP 7-Eleven stores, and rely on a more personal and diversified mix of marketing strategies for their products. Thai and Southeast Asian images of women selling cheap food at the everyday level of street life are being reproduced. That women are still filling the same roles in food service hasn't changed, but their lifestyle image can be seen as new and improved. This is a sign of progress for many women who might otherwise have been working in a factory or competing for space and demand on the streets as many other women are still doing. They are in a



position to generate new lifestyle image for themselves while projecting the same for other women.

In Thailand, the contraction, expansion and changing lifestyle dynamics of various middle class grouping calls out for changes in strategy. Comfort and luxury are often depicted as being idolized during the pre-1997 boom. This occurred as more and more people were pushed and pulled themselves into modern lifestyle modes. Convenience is attractive and more marketable when luxury and comfort are harder to reach. Convenience is an important ideological position in the marketing of the commercial economy and consumers not able to gain access to luxury might find convenience an attractive way to continue feeling that they are participating in the modern economy. The shrinking of the so called middle class after the 1997 Asian Crisis devaluation of the Thai baht created a residual class of consumers that lost some of their prior spending power but still maintained a higher lifestyle than before. Convenience, unlike luxury and comfort, can be used to generate pleasing but more compromising images. The low prices and proximity of convenience rather than the luxurious high priced fantasies of comfort can be 'modernized' and appealing as long as they generate desirable lifestyle images. Simple products like beverages, snacks and cigarettes benefit from these images. Furthermore, the air conditioned and orderly abundance in the stores might often be just as important if not more so than desires for food and beverages.

The more recent promotion of a CP brand that is associated more with luxury and comfort represents a desire to connect with a more mature middle class fraction that has either recovered from the 1997 Crisis or has found new success in the brief Thai economy growth spurt after 2003. The CP brand logo that has started appearing in front of places like Siam Paragon, skytrain stops and along roads where car owners will see them is definitely targeting something more than just convenience. Nonetheless, CP 7-Eleven store locations often work in tandem with these. For example, the CP 7-Eleven stores both inside the skytrain station at Siam Paragon and also at the street level projects a sense of sophistication. The CP brand poster sits right outside the CP 7-Eleven store. Both are directly in the path of the main skytrain entrance and exit fronting Siam Paragon. Furthermore, many of these mature middle class consumers have likely long been consumers at 7-Eleven.

In the case of CP 7-Eleven advertisement reviewed above we can see an image consumer whose lifestyle heavily values convenience. The lifestyle conveyed has connotations of comfort, relative autonomy and the stability of an above average income. Further connotations suggest youth, higher education, respect for authority and the license to lead. However, radio commercial and promotions have sought to attract broader market of consumers that loosely fits the generic profile above. Since the radio spots have a more narrow focus, it is harder to connect their advertising with concrete consumer images. Paradoxically, because these radio spots do not really generate consumer images they are more likely to be oriented to the lifestyle of the average CP 7-Eleven consumer. This would lead to the logical conclusion that the desires of the average consumer are probably more oriented to the price and discounts offered by CP 7-Eleven than the projections of lifestyle offered in the TV advertisements. Nonetheless, convenience as perceived by the Thai consumer is likely to include factors exclusive of price and economic value.

Before concluding here it must not be forgotten that CP 7-Eleven carries an abundance of international and domestic brand names that cater to convenience lifestyles and the sole focus here on the CP brand and the 7-Eleven brand is carrying over what has already been developed in this thesis so far. We are concerned with consumption as part of lifestyle at CP 7-Eleven as a whole rather than just a particular brand of products. The usual Western brands such as Coke, Pepsi, Lays, and so on vie for space and attention with Thai brands such as Mama noodles, Farmhouse bread, and energy drinks like M-150 or the Thai Red Bull (*Krathing Daeng*). Japanese brands such as Oishi tea drinks and sandwiches as well as a variety of cooked seaweed are quite popular. Just as the 7-Eleven franchise stores in the USA are a numerical minority in comparison to Asia, the CP brand and 7-Eleven brands in their own Thai 7-Eleven stores are outnumbered. Moreover, it the institutional agglomeration of services, location and aesthetic comforts that would appear to hold more importance in forming prejudicial consumption habits at localized 7-Eleven stores. Outside of the somewhat static young middle class images it appears that 7-Eleven stores have the institutional capacity to deliver an abundance of services that are likely to make the life of many people easier in some way. Though this ability may vary greatly from individual to individual, it does not take away from 7-Eleven's enormous capacity to do so when compared to many other retailers. This relative institutional advantage is suggestive of broadly shaped convenience needs for many of CP 7-Eleven's consumers.





**Picture 10** CP 7-Eleven at Chulalongkorn University

This architectural is the kiosk style CP 7-Eleven store at Chulalongkorn University and is not open 24 hours.

#### **4.8 Conclusions about CP 7-Eleven's Strategies and Development**

The familiarity of the 7-Eleven brand to Bangkok's residents combined with the ability to deliver an abundance of products, services and atmosphere throughout the city offers CP Group a privileged opportunity to influence the lifestyles of local consumers. This is further supported by CP Group's rather large business network. This chapter has shown how CP Group has consistently been able to adapt its business in step with the commercial development of the Thai economy and consumer culture. It also demonstrates how a critical factor in the success of CP Group's latest strategies and development has been the employment of the 7-Eleven franchise to maintain and build on the success of a multinational enterprise that extends beyond national borders. It is no surprise that 7-Eleven's success has occurred during a period when Thai government policy has supported modern retail business at the expense of smaller local retailers. However, the background and reasons for CP Group's adoption of the 7-Eleven convenience store format as an anchor for many of its strategies are interesting because they present a scenario that is quite unique when compared with the adoption of the franchise in places like the USA, Japan and even Taiwan. That the leading locally owned modern food retailer would be a convenience store is identical to 7-

Eleven in Japan but the process of adoption and mode adaption in Thailand has not been. The central point of integration for this thesis concerns the consumer portrayed in CP Group's marketing images for the 7-Eleven franchise. Although the pursuit of growth and modernity as reflected by Thai government policies, pressures from the international and domestic economic environment, regional business dynamics seem to have contributed greatly to the advertising images of CP 7-Eleven and CP Group analyzed in this chapter, it is evident that these images often bear only marginal relation at best to most of the CP 7-Eleven consumers encountered during this research. This means that explanations about the how 7-Eleven has been localized in Bangkok are still lacking in explanatory power, detail and clarity. The next chapter will attempt to rectify this deficiency by looking at local consumption through the lifestyles of several key informants situated in the Bangkok locale of Soi Mahadthai.



**Picture 11** CP 7-Eleven at the Siam Paragon BTS Station

This CP 7-Eleven store is situated at the Siam BTS skytrain stop and sits in front of the entrance to Siam Paragon. Complementing this, at the street level and behind this picture, is another CP 7-Eleven. Spatially, these stores project themselves to every social class.

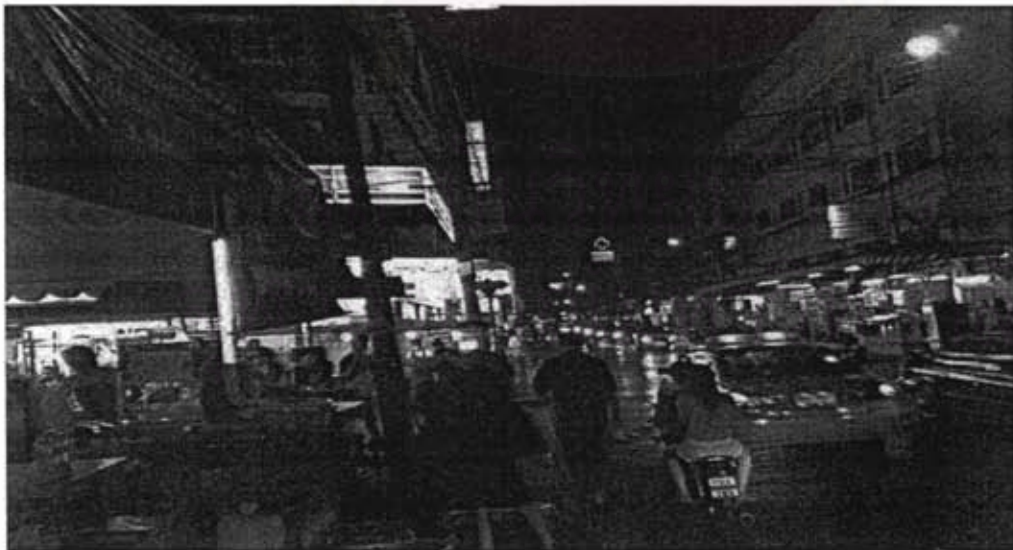


## CHAPTER V

### Localized Lifestyles and Consumption of CP 7-Eleven

#### 5.1 Where is Soi Mahadthai?

Soi Mahadthai is on the eastern suburban fringe of Bangkok in the direction of the new Suwannaphum airport. It sits between Lat Phrao and Ramkhamhaeng roads. Currently there is no skytrain or subway link to the area, but it can be reached by public bus, mini-van shuttles, taxi and public boat service along the Saen Saeb canal. It is near Ramkhamhaeng University, Assumption University and other academic institutions so the population features many students. Many small businesses are clustered throughout the area. Soi Mahadthai and the Ramkhamhaeng area more generally are also known for having many residents that have roots in different parts of Southern Thailand. But people from other regions are common. Although the area offers plenty of modern conveniences this area differs greatly from the urban areas explored in Japan in the USA. This is particularly true when considering public transportation does not yet have convenient access to rail transport yet. For the majority of residents transportation means using public buses or boats in combination with a wide variety of private services such as taxis (car and motorcycle) or small pickup truck with seats in the back (*songthaew* in Thai).



**Picture 12**      **Soi Mahadthai**

The middle section of Soi Mahadthai near the main concentration of food stalls.

Whether it is the placement of the airport nearby, tertiary education expansion, the prospect of a new skytrain nearby or lifestyle changes that encourage living outside the home residence, there has been significant property investment in the area. New apartments, restaurants, bars, beauty salons, and a wide variety of food services are widely available in the area. The prospect of this eastern part of the city being more closely connected to the airport and the city center through rail and road has undoubtedly been at least partially responsible for making the area more attractive for residence, study and work related opportunities. \* Its distance from the center and lack of the most convenient transportation, by rail, had previously left it more difficult to reach. But over time the appearance of shopping malls, such as the Mall Bangkapi, boat service, hospitals, supermarkets, numerous new business enterprises, further public transportation links and a growing suburban population have continued to further urbanize the area more generally. Local informants tell me that the area was mostly undeveloped land and forest with few apartments 20 years ago.



**Picture 13** Klong Saen Saeb

View from the public boat service on the Saen Saeb canal. In the distance is another public boat and the tall building in the top right hand corner is near the center of the main Bangkok shopping district.

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\* The area has been anecdotally referred to as “low income” to me on many occasions. This may be true for a number of people working here, but students, businesses, office workers, university employees and foreigners staying in the area make this assumption problematic.



The particular area under investigation is a connecting *soi* behind Soi Mahadthai. It runs parallel to Soi Mahadthai and ends at the Saen Saeb canal. This *soi* is connected by approximately four or five feeder roads of no more than twenty meters or so. The *soi* is most visually characterized by numerous apartment buildings that stretch from one end all the way to the canal. Interspersed in-between these apartment buildings are a number of restaurants, stores, cafes, bars, a few empty lots and a small number of homes that appear to have been in place for some time.<sup>\*\*</sup> However, local informants tell me that much of the building has taken place during the last three or four years. Since I moved to the area about a year ago, several apartments have sprung up while numerous bars and restaurants have appeared. In fact, most of the investment and growth has taken place on the part of the *soi* that was previously vacant land.<sup>\*\*\*</sup> A lot with trees growing tamarind previously adjoined my apartment but this space is now occupied by another apartment building. This apartment, some fifteen years old, was one of three large buildings on this particular end of the *soi* until very recently. Many local residents still have homes interspersed as part of this mixed use property development. For the most part it is still safe for walking on the street. Like many other aspects of the *soi* that are mixed, the presence of cars, motorcycles and walkers on the street is quite normal. Although there is growing vehicle traffic on the street, walkers probably still constitute the most common mode of transportation and socializing on the *soi* with motorcycles a distant second.

This research was primarily conducted with residents from the apartment building adjoining the CP 7-Eleven in the picture above and with several informants selling food and other retail services in front of the apartment building. Interviews have taken place at various points during the last year while a food consumption survey was just completed in January of 2009. The *soi* pictured above is a back *soi* running parallel to Soi Mahadthai that starts at the Saen Saeb canal and loops back onto Soi Mahadthai. This is the end of Soi Mahadthai that connects with Lat Phrao Road. The end of the *soi* pictured above is where most of the investment in property development seems to have taken place over the last year. Several apartment buildings and restaurants have appeared along with a number of construction

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<sup>\*\*</sup> Some of these are rented out while others are occupied by the owners. Some of the home owners have businesses in the area especially retailing and selling food.

<sup>\*\*\*</sup> As opposed to the area being simply redeveloped and gentrified (like a Brownfield Site), the neighborhood on this part of the *soi* has presented a mixture of new space and old space for real estate development and commercial activities.



**Picture 14 Apartment Style Living**

A mid afternoon view of the soi under investigation (behind Soi Mahadthai) In the middle right the picture is CP 7-Eleven. On the right hand side are some local residences and a number of retail shops. The building to the immediate left, part of Central Apartment building with extra parking, new services and a badminton court, now has a CP Fresh Mart as well.

workers. Meanwhile, the other end of the soi near the canal tends to have older apartment buildings and establishments already in place. This development fits with the information from local informants that the part of soi pictured above had much unoccupied land until recently. For example, the lot next to my apartment which was vacant nine months ago now has extra parking spaces and an entire floor developed for badminton (this is the building to the left in the picture above).

## 5.2 Why this location on Soi Mahadthai?

Soi Mahadthai as a place of residence for many students and a large number of people retailing food and other services has a significant proportion of its population that is not originally from the area. For the most part, permanent residences are outnumbered by apartment buildings and retail spaces. As such, it is not surprise that there are six CP 7-Eleven stores along the main soi. On a numbers of sois behind Soi Mahadthai, including the soi where this research was conducted, there are additional CP 7-Eleven stores. On the soi under investigation, there is only one CP 7-Eleven store while the other stores on Soi



Mahadthai are within ten to fifteen minute walking distance or just a minute or two by motorbike.

Exploratory food consumption questionnaires were distributed and collected in the apartment building attached to the CP 7-Eleven store pictured below. Of all the apartment buildings on this back soi, this apartment building probably has the most residents with above average incomes. This observation is not entirely empirical, but the size of the parking lot, the number of retailers in front of the apartment (food stalls, restaurants, bars and other services), the depth of services available in the apartment and the presence of a CP 7-Eleven attached to the apartment give plenty of weight to this assumption. Furthermore, the fact that this CP 7-Eleven branch offers ready to eat meals in greater variety than most other branches on the main strip of Soi Mahadthai supports this view. The food services in the general vicinity of this apartment are one of several dense concentrations along Soi Mahadthai.

The name of the apartment (Central) and its advertisement of the luxury it offers (*kwaam ruu*) are gross overstatements in comparison to the middle class living of many Bangkok residents, but for the largely young, unsettled or lower income population that resides in this area it is relatively true. It is also relatively small scale compared to larger apartment developments in the city which have much more intense self contained environments. In addition to the attached CP 7-Eleven store, which has the apartment swimming pool sitting on top of it, there is a mini mart that delivers, a room service restaurant, a fitness room, a café, a large sitting area with video games, and a variety of other services that are above standard. This is reflected in above average room rates as well. A number of apartment residents are young Thais that are either studying or entered the workforce recently. There are a number of people that don't fit this category including many of the apartment staff that work and stay in the building as well as a number of foreigners, such as myself, that stay here. The population is quite diverse nationally and internationally and is quite cosmopolitan and international. However, the diverse cosmopolitan character of this neighborhood is hardly reflected in the media of CP 7-Eleven advertising. The cosmopolitanism here is found in the patterns of everyday life more than the extreme versions as described by discourses on the "creative class" or the "global elite." Incomes, occupations, education, regional origins, and even nationality all vary greatly.



**Picture 15 Central Apartment Building**

Central Apartment building rises up at the end of this soi, which connects Soi Mahadthai to the back soi with CP 7-Eleven and the neighborhood. Many local residents live on the soi pictured here although a number of them are rented out by their owners.

People living in the apartment building come from many different parts of Thailand and a number of foreign countries. Incomes seem to vary as well so it is difficult to generalize. This becomes even more apparent when loosely inquiring about the many different occupations of residents that are working. Nonetheless, many residents seem to have a significant enough cash on hand to buy various conveniences albeit not equally. The main point is that this apartment building in particular, tries very hard to offer as many services as possible to cater to a lifestyle of convenience. Furthermore, a significant segment of apartment residents would appear to be part of the somewhat amorphous emerging middle class described in the previous chapter. The fact that this apartment offers more parking space for its residents than any other apartment on the soi, and that is relatively full, is indicative of this assumption. Nonetheless, the CP 7-Eleven convenience store is popular with many who work at the apartment such as cleaning staff, office workers, security guards, construction workers, management. This is true, but probably to a lesser extent for many food vendors and retail shops that populate the area around the apartment. In short, many people living in the vicinity of the store are what would be labeled regular customers. For example, food vendors often buy basic food supplies at CP 7-Eleven such as condensed milk and cooking oil while others such as motorcycle taxi drivers pickup newspapers, beverages



and snacks. This means that they visit the store at least three to four times a week even though many people visit daily.



**Picture 16 The Local CP 7-Eleven**

This shot of the attached CP 7-Eleven was taken from the parking lot of the apartment building where surveys were taken and which sits to the left.

Also of note in the apartment is the division of labor and the notion of place. Although on first look, the division of labor would appear to show that only women work there, this is not true. Outside of security guards, women occupy all of the positions in the front office, day to day management and cleaning staff of the building. Meanwhile the owners of the building are two Sino-Thai brothers. However, the very capable manager of the building is a woman. Maintenance jobs are occupied exclusively by men as well. The various services in the building including the restaurant/karaoke bar, the beauty salon, the mini-mart and the coffee shop are all operated by both women and men either individually or through various partnership agreements. Many of these staff members stay in the apartment building, but about half of the office workers and many retail shop owners do not. The CP 7-Eleven strategy of targeting middle class customers, in terms of income and other

schematized characteristics, is complemented by the strategy of place here. This is a place of work and study where people often do not have the time, the desire or the space necessary to cook. Although convenience seems to be valued for food consumption in Bangkok generally, the point here is to make clear some reasons how this applies specifically to the place under investigation, Central Apartment Building.

### 5.3 Why this CP 7-Eleven?

Although choosing a store by location implies that people's movement might be static to a certain extent, the point is to try and focus on some individual consumption behavior and lifestyle patterns seen through the construction of space and a more coherent development of place. \*\*\*\* Here actors in space and place interact with and are influenced by the CP 7-Eleven convenience store and its surrounding environment. We are not talking about an imagined community as such, but lifestyles of convenience that favor and are influenced by particular ecologies in areas of consumption. The focus is institutional in that the following analysis will attempt to explore how lifestyles, as perceived here, impact the choices people make about their consumption of food and other items at the CP 7-Eleven convenience store. It might be construed as market research, but is not in that I have attempted to make the ethnographic information to be written here as particular as possible. This is different from previous chapters of this thesis which have offered a less particularized perspective.

### 5.4 Local Food Availability on Soi Mahadthai

Before going into individual cases of food consumption, it is necessary to highlight some of the main venues where local residents can buy food. It is easy to give excessive attention to CP 7-Eleven as a location of food consumption choices. However, in the big picture it is rather minor. For example statistics indicate that convenience store business had grown to just over 12% of the overall modern retail market in 2001.<sup>136</sup> Although this

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\*\*\*\* My ethnographic observation practice at various times of day (sitting outside the CP 7-Eleven store) indicate that there are far more customers from the surrounding area than customers from the apartment building. But it was problematic getting more detailed information from customers leaving the store or more generally in the area. Within my apartment building members of the office staff helped me distribute food consumption questionnaires.

<sup>136</sup> Ruangrai Tokrisna, "Thailand Changing Retail Food Sector: Consequences for Consumers, Producers and Trade," Department of Agricultural and Resource Economics at Kasetsart University in Bangkok: Paper presented at the 2008 Thai Studies Conference in Bangkok.



convenience store share may have continued to grow and traditional markets share may have declined, this illustrates that convenience stores operate in a very small slice of the overall retail economy. Furthermore, these statistics reflect retail sales and are not broken down to reflect the particularities of food consumption. They offer a general view.

The following description will offer a general view of food choices available and it will reflect mainly what is available for those living on Soi Mahadthai. Chapter III provides a more general description of the foodscape in Bangkok. As far as convenience stores go, Soi Mahadthai has six CP 7-Eleven convenience stores, one Tesco Lotus Express, one 108 Shop, one Family Mart and a Lemon Green located at a gas station. Although there are no chain restaurants on the soi, there is a great diversity of local restaurants that vary from a places where food can be picked up and taken home (such as food stalls or smaller restaurants), to stalls on the street with a few tables and chairs (such as a small noodle shop or CP's 5 Star Chicken) to a larger space with more tables, more chairs, service staff and different varieties of entertainment (such as combination bar and restaurants with music). There are also local grocery stores (*raan kawng cham*) that offer generic snacks and locally produced foods. Outside of modern convenience stores, the vast majority of these local food venues are located outside and near the street. This simplified general description mutes significant differences but the categories are generally accurate and these restaurants generally offer, though not exclusively so, what might be called fast foods. Foods sold by these restaurants are fast foods only in terms of preparation but just as much in the context of the lifestyle in which they are eaten. Fried foods may be picked up on the street and taken home to be eaten with a fully prepared meal while foods that require much preparation (either bought on the street or prepared at home) may be eaten for a situation on the go or outside the home in a social situation that is 'convenient' with friends. These differences are particularly acute when trying to distinguish between what is a public space and what is a private space because the public extreme of the street vendor and the private extreme of 7-Eleven may be more referential than a matter of fact when more closely examined.

There are a number of local markets on the soi which are open several times a week where fresh fruits, vegetables, and meats can be purchased as well as cooked food. These are situated at several points along the soi. Most of these destinations can be reached by foot, motorbike (personal or taxi service) or little pickup trucks with specially designed seats in the

back (called a *songthaew*). There are also a collection of local mini marts (privately owned and not chains like in the West) and restaurants that are often attached to local apartment buildings that offer room delivery. Delivery service from modern fast food chains such as McDonald's, KFC, Pizza Hut, and Pizza Company, among others, is also available for delivery. This covers, for the most part, what is available on the Soi Mahadthai as a geographic construct.

There is a problem discussing what food is available outside Soi Mahadthai as the selection is only limited by income, transportation and the city of Bangkok itself more generally. Some of the most common destinations will be highlighted. For example, there is a local supermarket chain called Foodland that can be reached via local public transportation. This goes for modern hypermarket retailers offering discount goods such as Big C, Tesco-Lotus and the Mall Bankapi (which has modern supermarkets inside). Furthermore, there are regular fresh food and prepared food markets (*talaat sod* and *talaat nat*) along Lat Phrao and Ramkhamhaeng Roads. Ramkhamhaeng Road alone, where many of the students living in the area attend Ramkhamhaeng University, has as large a variety of food choices as anywhere in the general vicinity. This includes restaurants, supermarkets, shopping malls and more upscale venues. For people going to school or working in these areas, buying food in these areas is both convenient and abundant. Abundance of food consumption spaces are accompanied by plentiful leisure spaces, such as shopping, and public recreation space, located at Ramkhamhaeng University. For those who possess a car and abundant storage space, the opportunities for buying food in these areas (or elsewhere) diminishes some of the conveniences of doing so on Soi Mahadthai. Nonetheless, a majority of the occupied space on Soi Mahadthai is apartment buildings with small rooms. Though cars are abundant, most people are not able to afford cars. The main point here is that diverse choices of food outside of Soi Mahadthai are abundant and convenient in the context of people's localized lifestyles.





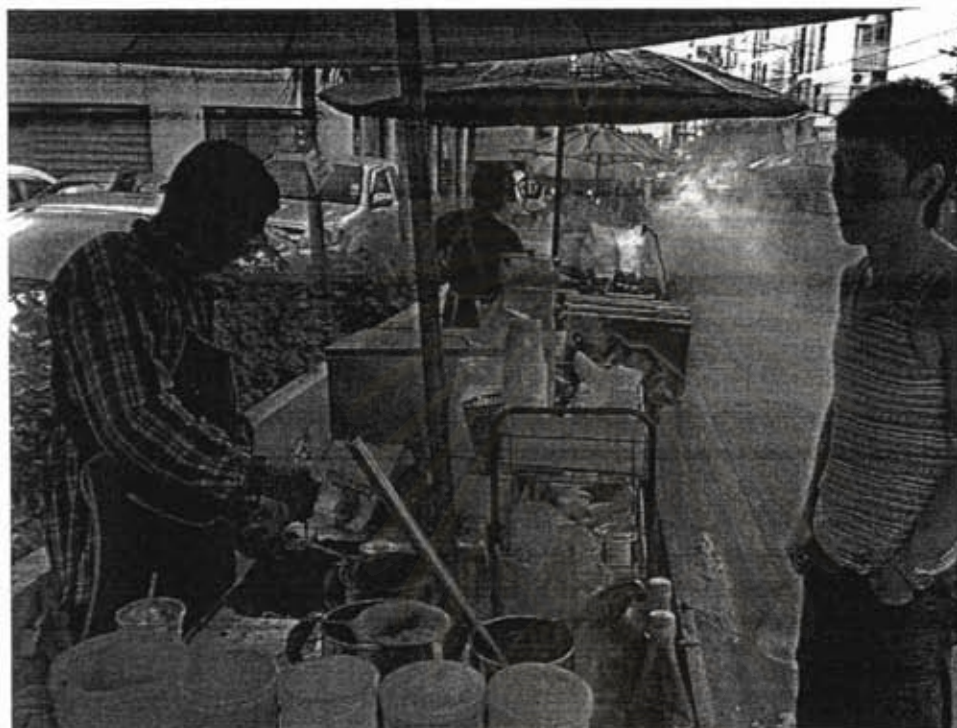
**Picture 17 Hectic Ramkhamhaeng Road**

This is a congested but abundant area for shopping, eating and walking along Ramkhamhaeng Road. CP 7-Eleven has managed to fit itself into the mix here on the left. Up ahead to left is Soi Mahadthai, to the right is Ramkhamhaeng University and a block or so behind this picture are the Wat Theplilla temple compound and several modern shopping centers.

## 5.5 Ethnographic Account From the Key Informants

Three women have been chosen as the key informants to provide some background for the kind of lifestyles that are being followed on Soi Mahadthai and some of the ways that CP 7-Eleven is consumed locally in Bangkok. Only one of these case studies is a resident of the Central Apartment building, but all three live nearby the apartment building and the local CP 7-Eleven branch attached to the apartment building. These women are of different ages, regional origins and occupations. Women were chosen for not only their willingness to talk, but for just as importantly for the perception of women's central role in many aspects of Thai cultural reproduction. Women's lifestyles, which are influenced by a number of key factors, are central in maintaining, reproducing and changing the patterns of everyday life. For example, none of them cooks their own food often so this opens up opportunity for food convenience choices. In all three cases, they are regular customers of CP 7-Eleven though their levels and frequency of consumption are all different. Furthermore, these case studies will show that their lifestyles feature choices of convenience that vary more greatly than the overall division of their food choices between modern retail foods and local foods.

Nonetheless, the proximity of the CP 7-Eleven store does offer conveniences that might not have been available elsewhere. Lastly, this research was gathered in very public environments so that some aspects of my informant's lifestyles that might be considered as more performative than substantive are impossible to avoid.<sup>137</sup>



**Picture 18 A Familiar Local Street Vendor**

Street side coffee sold in front of Central Apartment Building and Mae Khaaw's shop. This shop specializes in Thai coffee (*oliang*) but sells regular coffee and other beverages. There are many different venues in the neighborhood that sell coffee. The owner of this stall shows up here in the afternoon after hauling his cart from another venue on Lat Phrao road where he opens up just after dawn many mornings. He buys his condensed milk at CP 7-Eleven but he and Mae Khaaw also exchange food items. He and Mae Khaaw sometimes sit together to share food as well.

## 5.6 Key Informant Number 1: Mae Khaaw \*\*\*\*\*

In partnership with her husband, *Mae Khaaw* is the owner and operator of a local grocery store that is located opposite my apartment building and the CP 7-Eleven store. She did not reveal her age and I did not ask, but she is certainly middle aged, meaning older than 45 but probably not 60. One initial interview was conducted with her in March of 2008 with

<sup>137</sup>

Erving Goffman, *The Presentation of Self in Everyday Life*, (London: Penguin Books, 1971)

Provides conceptualization of performance models in everyday life.

\*\*\*\*\*

This name, like all the informant names in this chapter, are aliases.



the presence of an interpreter and since then our encounters have been casual. \*\*\*\*\*

According to the initial interview, her store has been open for approximately fifteen years. She initially came from the province of Samut Songkhram on the southern part of the Thailand's central region. She and her husband could be described as Sino-Thai. \*\*\*\*\* She indicated that until recently, the last three or four years, many of her customers were from the Central apartment building. She related that since the appearance of CP 7-Eleven, about three or four years ago, sales of some items have been reduced and profits more difficult. Nonetheless, she said that she was not in competition with CP 7-Eleven. Furthermore, the recent spate of construction has provided here with construction worker customers. For example, construction workers often buy cigarettes which she sells one at a time rather than in the package and these same customers often purchase alcohol, ice and other beverages from her. Here I want to develop some particular points concerning the nexus of personal and rationalized relationships as part of her lifestyle.

Her store is quite small and serves as a residence as well as her work. The division of labor involves her taking the day shift from about 8am or so until the middle evening while her husband works the night shift, often closing down around 3am or 4am or when it is quiet. Since virtually all of my visits to the store have taken place during the daytime, my observations do not take into account the activities of *Mae Khaaw's* husband. \*\*\*\*\* At different points in the morning and afternoon, I have observed her doing a variety of duties around the store such as accounting, stocking, cleaning and general maintenance. Though her work and home occupy the same space, most aspects of her private life are as much mystery to me as is mine probably is to hers. The food available in her stores are primarily locally produced and packaged snacks (the product but not the brand is sometimes the same and sometimes different from that offered at CP 7-Eleven). Some snacks and special Thai drinks are from people in the neighborhood that prepare it in their home. Her store sells individually

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I returned to the United States during the months of May, June, and July of 2008 and during the months of October and November 2008 was not in Bangkok.

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Sino-Thai refers to Thai people and citizens that have significant or at least recognizable degrees of Chinese ancestry. This description is as dubiously accurate as it is slippery. This is because she does not refer to herself as Sino-Thai yet the Buddhist shrine in her store is clearly influenced by (Thai) Chinese deities and decoration practices.

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I have only talked to him in passing and noticed that he purchase some store goods from the local Tesco-Lotus hypermarket. These goods are transported via motorcycle. Meanwhile other goods are delivered by a number of local suppliers as well as people in the community.

packaged cigarettes to many students and construction workers in the area and a number of alcoholic beverages after 12am when the law prohibits CP 7-Eleven from doing so.

She has friendly relationships, including me, with many people in the Central apartment building and in the neighborhood. I have observed on several occasions that she will often sit down with them and have a drink or something to eat. Many staff members in the Central apartment building that have stayed for a while know *Mae Khaaw* well and are regular customers for some items. Some of the food vendors that market their goods in front of Central apartment building regularly visit her shop as well. Just as her name indicates, *Mae* as in mother, she has developed a local identity as nurturing and personable. *Mae* is how she is identified by people who visit her regularly. She often takes care of local people's animals (students and local resident) when they are away and she has several cats that are a regular fixture in her store. These cats seem to be important to her and they are one source of the regular visits she makes to CP 7-Eleven. Sometimes she dresses them up in specially made outfits and regularly verbally disciplines them to be obedient. Like the food vendors on the street do, she relies on CP 7-Eleven for milk products, such as condensed milk, to feed the cats. Her store is also a place where puppies and other animal babies are showcased for possible purchase. This is hardly something with which CP 7-Eleven is prepared to compete. Nonetheless, the storefront of the local CP 7-Eleven is populated by numerous stray dogs, homeless people and other rogue elements. Though they are often taken care of by local people, the symbolic contrast between the personal nurturing approach of *Mae Khaaw* and the more arbitrary free market approach of CP 7-Eleven could hardly be starker. While the animals are forbidden entry and sit on the ledge of the store entrance, *Mae Khaaw* allows these animals into her home and engages with them socially. However, the visual here hides many complex social relationships that are not obvious at first glance and distorts the actual realities of these situations. Furthermore, this public image making, albeit in her blurred public-private life, competes with the 'convenience' lifestyle image making of CP 7-Eleven. While CP 7-Eleven provides image consumers with 'convenient' and easily attainable middle class lifestyles, *Mae Khaaw* provides entry into a less demanding lifestyle of sociality and care. For *Mae Khaaw* less in terms of 'products' are offered while sociality and care as a kind of 'service' is provided. This use of the word 'sociality' does not deny the existence of real friendships. It is used more to contrast the difference between the 'personal' and the 'rational' in terms of symbolic effects.



This point was driven home to me when *Mae Khaaw* was marketing a bottle of rice liquor (*laos khaaw*) to me which I wanted to take home to the USA as a gift. Though CP 7-Eleven offers the same brand as she sells for a cheaper price, *Mae Khaaw* related the 'special' nature of her product because she claimed to have a better supplier than CP 7-Eleven. This personal marketing underlies the rationality of buying the product. Furthermore, her nurturing role carried a sympathetic note as she related to me that she never sees her two daughters, both of whom graduated from prestigious local universities and now hold different occupations in Bangkok's service economy. What is interesting about this is that when compared to a female shopowner I interviewed in the *70 rai* community of the Khlong Toey slum, *Mae Khaaw's* desire or need to market her own public image as nurturing was far more pronounced. This is interesting because the elder female shopowner, a Muslim, in Khlong Toey did not have a CP 7-Eleven nearly as close to her business/residence. \*\*\*\*\*

Furthermore, she was a little bit older than *Mae Khaaw*, but her daughter stayed with her and played an important role in maintaining the business. Though lacking in depth of retail goods, the diversity of her product and services as well as the extra labor would seem to be important factors here.

The main point here is that particular elements of her public lifestyle, centered around nurturing and care, are symbolically distinct from that of CP 7-Eleven. The conveniences she offers are more personal and social rather than professionalized and pragmatic. If looked at comparatively, modes of convenience have been localized in two distinct ways. *Mae Khaaw's* convenience is more personal and that of CP 7-Eleven more impersonal. However, this does not mean that she does not shop there. In fact, she told me once that she only buys milk there. Nonetheless, I have observed her in the store on several occasions browsing newspapers and wandering around. Her consumption at CP 7-Eleven would seem to be just as much symbolically circumscribed by her public role, in particular circumstances, as it might be economically circumscribed by any vicissitudes of market competition. The 7-Eleven branded chair that rests inside her store complicates this argument further, but I

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At the time of the interview in April of 2008, the closest CP 7-Eleven was probably a fifteen minute walk away. Since then, a new CP 7-Eleven store has opened up near several NGOs in the area and closer to her residence. The difference may also have something to do with the fact that the shopowner in Khlong Toey did not rely on retail sales as her primary business. She provided local service for the mending and embroidering of clothes as well, but had her daughter to help her. Nonetheless, the presence of a CP 7-Eleven store is likely one among many factors when considering the considerable differences between the two shopowners.

maintain here that her lifestyle, along with her age and occupation, which is projected as nurturing and caring does not compete directly with convenience lifestyles created by CP 7-Eleven. In addition to this, her personal relationships with local people that produce snack and convenience foods, such as the noodle vendor who has tables in front of her shop, produces rational constraints to having a concerted interest in convenience store snacks. Although this conclusion is likely oversimplified, *Mae Khaaw's* concerns about the makeup of convenience are more likely to appeal personal and social aspects of local lifestyles. Though she uses a variety of more pragmatic methods to sell her products, her public image making and social relationships with local residents call up the image of a local consumer quite different from that of CP 7-Eleven advertising or those from marketing research surveys. Perhaps the value of what *Mae Khaaw* offers is as difficult to measure as romantic love being sought in the Thai folk song by folk singer Jakjan where she says "Even 'Seven' (pronounced say when) doesn't have anything for me to buy" (*Seven mai mee hai seu*).<sup>139</sup>

For *Mae Khaaw* herself, it seems pretty clear to me that the importance and makeup of social relationships in her lifestyle are more significant than those for the vast majority of CP 7-Eleven's customers. That many customers observed at *Mae Khaaw's* store are also regulars at CP 7-Eleven also reflects her statement to me that she is not in competition with CP 7-Eleven. Nonetheless, there do seem to be some areas where marketing interests may conflict, but it seems clear that *Mae Khaaw*, leveraging aspects of her very gendered lifestyle, has come up with successful creative modes of marketing that fly in the face of more 'professional' and 'modern' approaches. Her methods provide conveniences for elements of lifestyle that are less easily commodified by larger commercial enterprises like modern convenience stores. The traditional nurturing female role could not be nearly so easily be produced by a male. However, since I have not had the opportunity to observe the activities of her husband, who runs the store during some of the busier hours at night, it is hard to produce a more holistic picture here.

Perhaps the main issue concerning the reproduction of this style of marketing seems to be that there is a serious shortage of young labor to maintain it. Paradoxically, many young 'convenience' lifestyle consumers that might be working in their parents or

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The song is titled "Missing You" (*gaw yang khit theung*) Retrieved on February 27, 2008 from <http://www.bloggang.com/viewdiary.php?id=ambulance&month=07-2007&date=10&group=10&gblog=2>



neighborhood stores, through their ‘modern’ consumption habits, present a threat to this mode of retail business. Above all in the case of *Mae Khaaw*, she is a regular customer of CP 7-Eleven, but seems neither to be a regular food consumer nor fit the image of convenience lifestyle consumer found in the company’s media imagery. For practical reasons concerning her lifestyle and perhaps her ideas of convenience as well, her food consumption at CP 7-Eleven appears to be biased away from the modern retail food system. Her lifestyle image making as projected to me was less the consumer and more the concerned local citizen. It is important to recognize here that she has sought to localize an alternative style of consumption to CP 7-Eleven. Whereas her marketing efforts and lifestyle seek to promote sociality in the neighborhood, CP 7-Eleven appeals more to a more abstract neighborhood which might be identified as Bangkok and beyond. CP 7-Eleven is able to do this largely because of its own localized institutionalization of the 7-Eleven brand. However, just as *Mae Khaaw’s* marketing efforts are limited to her Soi Mahadthai neighborhood, CP’s brand of modern retail foods still appears to be limited in comparison to the overall success of the 7-Eleven brand. What has been documented here are fragmented aspects of her public image, as recorded in fragments. With the exception of the first very brief interview, *Mae Khaaw’s* words and actions in my presence generally seemed to aim at creating images more than they did in providing description. This is partly due to my own limitations with the Thai language and as such the following fragmented expressions of *Mae Khaaw* are the only ones offered outside of my own narrative here.

*‘Seven’ is often busy and the service is slow. I take care of my customers. Sometimes I buy things at Seven I cannot get somewhere else. My business has been reduced since Seven opened about three years ago. We are not competitors.*

### 5.7 Key Informant Number 2: *Oh*

In the Central Apartment building is a laundry shop where many people can drop off their clothing for cleaning and ironing. The shop is run and managed by *Oh*, a young 28 year old woman originally from Yasothon province. She is surrounded by an all female network in a fairly egalitarian work environment with a clear division of labor. An older married woman from Chiang Mai in the northern Thailand, named *Tawy*, is responsible for the



Picture 19 The Local Retailer (*Cho Huay*)

This picture was taken in the morning just before opening time. *Mae Khaaw's* shop is just to the left with tables and chairs in front. It is a place where one can sit, hang out and socialize rather than the more individualized leisure practices encouraged inside CP 7-Eleven across the street. Often, customers do not enter *Mae Khaaw's* store but sit or stand outside and request their order.

bookkeeping, done manually in notebooks while *Oh's* younger sister *Pung* helps with the labors of washing and ironing. *Oh's* mother and an older woman from the apartment cleaning staff often hangout in small room where all of the clothes are cleaned. Their mother, who comes periodically often brings food and helps out while *Ae*, the older woman, comes to rest and talk with them. *Ae* is also from the Northeastern region of Thailand. *Oh*, *Pung* and *Tawy*, who take responsibility for the shop, spend much time here as they are open six days a week from 8am – 7pm. However, *Oh* and *Pung* find time to study business at nearby Ramkhamhaeng University where the study program is quite flexible. *Pung*, only 23, has more free time and goes to class on a more full time basis. The money earned from the shop, around 20,000 - 30,000 baht per month, provides enough money to sustain the business, pay for school, living expenses and a small amount of leisure time. For *Oh*, this is mostly on Sundays when the shop is closed while *Pung* has more time to do so. *Pung*, of the three would seem to have a lifestyle most like the images propagated by CP 7-Eleven advertising, however significant the actual differences. However, both *Oh* and *Pung* are single women



with no children so they have time for leisure when they are not working. \*\*\*\*\* *Oh* has lived in the apartment for seven years as they left their home province of Yasothon when their father died. Their mother, who stays nearby on Lat Phrao road, returns home periodically to keep up with their property and extended family back in Yasothon.

As mentioned above, *Oh*, *Pung* and *Tawy* spend considerable time at the laundry shop (*raan sak riit*) so much leisure takes place there. My time spent observing there is usually brief. There is enough time to drop off my clothes, share a few jokes and sometimes to share a few snacks with them. \*\*\*\*\* The TV is always on and gossip is a particular topic, both about people living in the building as well as the political news, soap operas, fashion and movie stars that entertain them as they work. Conversations with various customers that come to the shop provide a source of leisure, work and information. In many ways, this shop is one the most well informed in the building though often at the level of speculation and joking around. The front office, the café, the beauty shop and various cliques within the cleaning and building maintenance staff have their own little ad hoc networking and particular styles of discourse. Here in the laundry shop, at least in my presence, is a projected discourse of leisure while real labor is being done. The building has over two hundred residents and this shop services a considerable number of them. The mostly manual domestic work here is demanding, but alternative lifestyles are imagined and acted out in the presence of family, coworkers, and friends who share similar working lifestyles as employees of the apartment. Many aspects of *Oh* and her sister's lifestyle are more middle class and urban despite their rural origins. They stay in the apartment building together independent of their mother. They own a number of modern conveniences such as TVs, stereo, DVD players, mobile phones, microwaves, etc. Most importantly regarding food, they rarely cook outside of preparing rice or using the microwave. Working from eight in the morning until after seven in the evening six days a week likely makes cooking more of a burden. As such, the two girls tend to buy much of their food from the street vendors and markets near the apartment. Sometimes they go to the nearby Malls and hypermarkets on Ramkhamhaeng and

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 However, they often complain when they have to look after their older sister's 3 year old daughter. Nonetheless, they indulge her with a variety of leisure activities both in and outside the workplace.  
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 We often exchange foreign snacks with Thai snacks and other foods as well. I will bring pizza, snacks from home or things from my travel while they will offer me traditional Isan foods, Thai fast foods or their personal favorites.

Lat Phrao roads but this is mostly on weekends or for leisure. Visits to CP 7-Eleven take place on a regular basis while visits to *Mae Khaaw's* store are also common.

Some time ago, *Oh* completed an older version of the food consumption questionnaire which will be reported here. According to this *Oh* considers herself a regular CP 7-Eleven customer visiting 2-3 times per week over the last year. *Oh* responded to the questionnaire that she had only been a regular customer for the last year or so even though the store has been there longer. She does not own a store value card and purchases everything in cash. She indicated she buys a little bit of everything at CP 7-Eleven from snacks, to drinks and household items like toothpaste. She does more shopping there than anywhere else mostly because of they have a little bit of everything and the store is clean. Her primary response to the direct question about why she chose shopping here over other places was because CP 7-Eleven is convenient (*saduak*). She indicated that the store was helpful but also related that she often visits the store by herself spontaneously. She finds the fresh food at CP 7-Eleven is not really to her liking (*mai arroy*). I would like to suggest that this does not appear to be primarily to be a reflection of the food pricing, which is often described as tasteless, but perhaps the taste and the images are lacking in appeal to many supposedly middle class consumers. This is not the case with things like sandwiches, stuffed buns (*salapao*), or sausages as *Oh's* younger sister *Pung* has expressed interest in all of these. This is true to a lesser extent for *Oh*. She responded yes to the question about whether CP 7-Eleven had any impact on the community, she noted this specifically in relation to *Mae Khaaw's* retail shop, but found the store to be useful overall (*mi prayoot*). In response to the question about CP 7-Eleven's Thainess (*mi khwaam pen Thai*) she responded no. As far as CP 7-Eleven advertising goes she remembers the TV ads for stamps, discounts and counter service and feels their information about discounted prices has some influence.

For someone like *Oh*, who does not have much time to travel during the day and where the exact price is probably not the most important thing, the proximity of the CP 7-Eleven store is an advantage for many things. She can walk from her work and back in five minutes at prices the same or lower than she can find at *Mae Khaaw's* shop. That is if *Mae Khaaw* the product she is looking for to begin with. Furthermore, CP 7-Eleven offers a comfortable environment for looking around, cool and relatively open for walking, with a number of leisure related products that can be enjoyed while *Oh* is working such as movies,



songs and magazines. All of these leisure items are common points of discussion and activity during work. *Pung* has lent me a couple of CD's of Thai pop musicians that she likes.

My general impression from the fragments that have been shared with me indicate that everyday life in this laundry service setting has many middle class urban elements combined with lifestyles from their home in the past. The two younger sisters, *Oh* and *Pung*, are much more integrated into the convenience type of lifestyles of modern food consumption than do the older women that they work with and share space with in the day. Though most of the food they eat is Isan style, many other elements are included such as other Thai traditional foods. Of interest here is the snack, beverage and fast food of modern retail. These foods are often incorporated into the staple diet of Isan foods. Pizza, ice cream, Pepsi, various processed Thai snacks, sandwiches and so on are common. This appears to be true whether I have been present or not.

There is a great amount of curiosity about other foods. When I returned home last spring, one of the primary requests was for me to bring some "American" foods back (expressed in Thai as *seu aahaan ma faak*). Ironically, this is the same request often made by my parents on trips between Thailand and the USA. What is clear here is that the lifestyles of five different women are mingled together, but preferences for modern retail foods is much more prevalent among the younger two girls. Their mother is still interested in trying other foods, but is more insistent on common staple foods. *Pung* is much more likely to experiment with a trip to McDonald's or one of the other fast food chains at the Mall.

In this sense, both *Oh* and *Pung* are more regular consumers of modern retail foods than their mother. All of these women are urban and middle class in a sense, but they view the importance and character of convenience and lifestyle differently. For *Oh* and *Pung* particularly, their work and their overall lifestyle, make modern retail food shopping more prevalent because it is perceived to be convenient. This seems to have less to do with food and more to do with leisure aspects of convenience that provide choice and a comfortable nearby place to take a break from work. Neither convenience as such, nor many of the particularities of her children's contemporary lifestyles appear to be the same for *Oh* and *Pung's* mother. Many of the modern retail foods of places found at CP 7-Eleven and elsewhere seem to stimulate curiosity more than desire. Food consumption at CP 7-Eleven seems to be less integrated into everyday life than for her daughters. *Oh* and *Pung's* mother appears to have stronger ties, in terms of kin, lifestyle and food consumption, to a world

outside of Bangkok. Yet in the words of *Oh*, CP 7-Eleven is convenient and also seems to offer some intangible quality expressed in the freedom to choose and look around.

*I like to stop in at Seven during work to look around. There are many products to choose. Sometimes, when I need something (such as laundry detergent) it is convenient to buy it at Seven. On the weekends, I like to go to the Mall Bangkok to look around.*

### 5.8 Key Informant Number 3: *Na*

At the time of my contact with her, the final key informant is *Na* who was working for a number of months as a supervisor for the recruitment of customers to a local fitness center. Her job requires her to communicate with the salespeople in front of the fitness center where she works and also to try and make contact with the inconsistent flow of potential club members that walk by the front of the fitness center. *Na* is 23 years old and she finished her bachelor's degree at Ramkhamhaeng University last year in business administration. She has been staying on Soi Mahadthai since she began studying about five years ago at the age of 18. She is from a beachside town in Chumpon province of Southern Thailand where her family still lives and runs a restaurant. Her main employment opportunities have been primarily concentrated in the professionalized marketing sector of retail in Bangkok's service economy. Her salary has varied because she receives salary and commission which can be as high as 15,000 baht per month. Many of her friend's from school and coworkers do the same work. *Na* rents a room in a small apartment building on the same soi and not far from Central apartment building. She has shared this room for about 4,000 baht per month with a coworker for some months now, but has stayed in several other apartments in the same area since she started her study at the university. My contact with *Na* has been limited to the time spent asking her to complete a food consumption questionnaire for CP 7-Eleven and a three or four leisure outings involving food, clothes shopping and the last time was an invitation her university graduation. She was accompanied by her boyfriend on one occasion, her best friend on another and a group of friends from school on the last occasion.

Of the three key informants, *Na* might be considered the most consumer oriented, meaning that she appears more comfortable and perhaps more financially able to buy products from the modern retail economy. This might be because she is further away from the influence of her parents and family who operate a restaurant along the beach in the



Chumphon province. Furthermore, the friends she has introduced me to, as her “best friends” (*phean sanitgan*), have tended to be from different areas of Thailand rather than her home region. From what I have observed, she manages much of her own finances and living in her own apartment gives her a degree of freedom from the supervision that would be more likely in the home of family or relatives. Unlike *Oh* and *Pung*, the aspects of her lifestyle that revolve around job, place of residence and interpersonal relationships seem to provide more opportunity for engagement with lifestyle practices available in the modern retail economy. In fact, her educational background and source of finances are partially derived from it. The women in the other two case studies have occupations less directly connected to the modern retail economy. *Na*'s workplace is located very close to a CP 7-Eleven branch as well. This increases the likelihood of shopping there. In fact, she is a regular customer making multiple visits in the average day.

The exploratory questionnaire *Na* took revealed that she does not have many of the modern conveniences such as a microwave or a rice cooker that can make cooking and other aspects of daily living easier. Nonetheless, her previous room from which she recently moved had some of these items she cooked a little bit more often. Her current room is also small and the apartment forbids cooking in the rooms. Nonetheless, she does have a hotplate which she uses for minor dishes like fried eggs, omelets and vegetables. This is true of the room where *Oh* and *Pung* stay too, but not at their workplace where they have a rice cooker and a microwave. Thus this is one reason they usually eat most of their meals at work. This is not the case for *Mae Khaaw* who has a full kitchen. She said there has been a CP 7-Eleven store in her hometown for seven years so she has been a customer of the store since before she came to Bangkok. However, although she visits CP 7-Eleven more than other retail shops in the Soi Mahadthai area, *Na* still regularly frequents mini-marts, other local shops like that of *Mae Khaaw* as well as other modern convenience store retailers such as Tesco Lotus Express. \*\*\*\*\* Furthermore, she did recognize there was an impact on local businesses as a result of the presence of CP 7-Eleven and other modern convenience stores. Her reasons for choosing CP 7-Eleven included superior product selection, the overall system of order in the stores (*rabiab*) and special snacks like bakery goods. She usually buys snacks

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When they have the same products, she said she would often purchase some of the same products at these local stores as at CP 7-Eleven. However, she said that these stores were unable to compete with the product selection at CP 7-Eleven.

and beverages at CP 7-Eleven although she has tried a little bit of everything (*raan tua pai*). She thinks the food is very good (*arawy*) but not like homemade (*tham eng*). Lastly, she always pays with cash and does not own a store loyalty card. The one debit card she has, through consumer services giant AEON, was not part of the CP 7-Eleven network at the time the questionnaire was administered.

For *Na*, the proximity of her work to CP 7-Eleven in particular increases the frequency of store visits and she can afford this. As with *Oh* and *Pung*, the selection of products was very important and convenient. *Na* said that the ability to buy a number of products at CP 7-Eleven provided her “free time” which she expressed in English. *Na*’s work, usually six days a week with fairly long shifts, does not leave her with too much time outside of work. Although Soi Mahadthai is full of service conveniences to help her manage this time, CP 7-Eleven has been one of her primary choices and integrated well into her lifestyle. Because *Na* does not have the same level of supervision and family from home as *Oh* and *Pung*, she has a little bit more freedom of food choices and leisure outings as well. For example, I have been invited several times and have declined the offer to go to some local nightclubs with *Na* and her friends. This is something that *Oh* and her sister never talk about and seem less likely to have experienced. Even if they did go to such places, the supervision of the older women that often work or rest in their shop makes the discussion of things more risky. Nonetheless, *Na*’s income is similar to that of *Oh* and *Pung*’s shared resources while the fact that she reported visiting CP 7-Eleven more often than *Oh* or *Pung* appears to be primarily because of the proximity to her prior workplace. Although she does visit modern food retailers on a regular basis, her income would also appear to be more of a restriction than the cultural factors that limit *Oh* and *Pung*’s consumption. This is something yet to be determined and a rise in income could equally affect the lifestyles and food consumption patterns of *Oh* and *Pung*. In the meantime, although CP 7-Eleven does not seem to offer the most preferable foods it does offer a form of leisure and choice that is expressed by local informants such as *Oh* and *Na* as convenient. Their lifestyles and preferences appear quite differentiated from the marketing images described earlier yet like the advertising they do seem to uniquely express their own impressions about how consumption at CP 7-Eleven makes life easier and more enjoyable. Some of *Na*’s own words give some idea of how she sees the local CP 7-Eleven convenience store.

*I shop more at Seven because it has more products and is cleaner*



*and more orderly than other shops around. Mostly, the advertisements of Seven have no impact on me because I am used to their products already.*

## 5.9 Final observations from the Key Informants

In addition, residence on Soi Mahadthai of all three informants is hard to ignore as well. The mixed character and makeup of the foodscape on Soi Mahadthai, with many local foods available twenty four hours a day, places the 'convenience' and attractiveness of modern retail foods in a large crowd. It is also interesting in reference to gender that Na's food consumption, as a cultural and lifestyle factor, is less restricted than that of the other two informants. This is despite the fact that all three women are involved in commercial retail services. Although incomes are likely an important factor that constrains increased more modern retail food consumption, the close integration of gender<sup>140</sup>, culture and lifestyle are not something easily captured by the promotional image making and advertising reviewed in Chapter IV. This holds for the representation of place, such as Soi Mahadthai, as well. For example stale representations of life from 7-Eleven town found on the CP 7-Eleven website characterizes little of the diversity, daily struggles and unique urbanity on Soi Mahadthai. Even within the Central apartment building, many people are not the young, on the go and possessive of vast culinary and technological expertise. Ironically, the multiple CP 7-Eleven store locations on Soi Mahadthai would appear thus far to have been functioning as a key area of support in the continuing growth and success of the CP 7-Eleven franchise. CP 7-Eleven may well be truly local in the corporate and modern business sense, but from the perspective of the local entrepreneur and resident this relationship is more problematic. Nonetheless, for the customer CP 7-Eleven convenience store institution, at least from the point of view of my case study informants (aside from *Mae Khaaw*), has been referred to as something qualitatively different (*saduak*) and quantitatively superior (*sinkaa laak laay*). But this has not prevented them from balancing their food consumption as lifestyle consumers and local citizens. Their choices which reflect quite balance consumption of food and leisure seem to depict the CP 7-Eleven store, on Soi Mahadthai at least, as something uniquely convenient and understandable as such

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CP 7 Eleven website link: <http://www.7eleven.co.th/town>

## 5.10 Other Results from the Central Apartment Questionnaire <sup>\*\*\*\*\*</sup>

This questionnaire was administered by the apartment's administrative accountant who is in charge of collecting the payment of room rent at the end of every month. The blank questionnaires were left with her for approximately one month as she requested, as randomly as possible, for residents or workers to complete them. Of the twenty five surveys that were filled out, they were not all fully completed and this is noted when this is the case. Assuming full capacity of the building, this survey sample represents around ten percent of approximately 250 rooms in the building. Most of the rooms are the same size and price although one floor has special rooms and each floor has several larger suite rooms. Prices range from a low of 4,800 baht per month to over 10,000 baht per month. The main area of interest is trying to understand lifestyle and food consumption patterns and how they might relate to the local CP 7-Eleven store attached to the Central Apartment Building.

The results of the questionnaire show that the convenience store, which is the CP 7-Eleven located in front of the Central Apartment building in the vast majority of cases, is one of the top choices for food and beverages both separately category and when food and beverages are added together. Furthermore, only the local restaurants are more regularly visited. Although these local restaurants are generally low priced, this suggests that people do have some disposable income which is reinforced by the fact that many people do not have easy access to cooking facilities or the lifestyle to support it. The questionnaire, which is in the appendix, features ten categories for local food and beverage consumption. It asks the recipients to rank their preferences for food and beverage consumption using the categories on the questionnaire.

Although those surveyed clearly value the convenience store highly and income is one likely factor, it my strong suspicion that many people still greatly value the public sociality that is available at many of the local restaurants, street stalls and other local spots operated as small businesses. (These figures were calculated in terms of visits and not the amount of money spent. In fact, this is reflected in the numbers above. It has also been clear by

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Twenty five questionnaires with twenty seven questions were completed, but since several were partially completed the quantitative numbers in this chart are based on twenty two surveys. They questions were printed and answered in Thai. An English translation will be listed in the appendix of this thesis. All of the respondents either work or live in the apartment building.



observing the increase in the number of local restaurants as new apartment buildings have sprung up in the last year. Moreover, many of these local restaurants, which also sell alcohol in abundance, have groups of young people congregating from dusk until dawn. This gives the neighborhood a vitality it might not otherwise have while negatively creating regular sound disturbances at all hours. However, one item not included here is the delivery service to the room from the restaurant in the building. If this is included in the statistics it is likely part of the local restaurant category and this might reduce the conclusion about social benefits at local restaurants. But this would ignore the popularity of the local grocery store and food stalls which also offer opportunities to socialize. Nonetheless, it has been my general observation that many people socialize in their rooms and at various other places when they consume food. Social benefits are only one important factor.

Modern retail outlets, outside of the convenience store, are not visited nearly as often as the local grocery store, local restaurants or street stalls. Several questionnaire respondents indicated that they do shop often at modern retail hypermarkets and visit local restaurants often. Nonetheless, the convenience store was chosen as number one by more respondents for food and beverages than any other location. This is despite the fact that it was ranked second on average for food and third for beverages. Even though the questionnaire results reflect that people regularly travel outside the immediate area of the apartment, food consumption habits from this information appear to be significantly influenced by the geographical proximity of those supplying food. In fact, many of the food vendors, clerks, restaurant owners and their staff live near the Central Apartment Building or along Soi Mahadthai. In area such as Soi Mahadthai, with many food consumption and convenience choices, there is a general plural habit of buying food at a number of places rather than just one. In terms of popularity, wet markets are second to the convenience store when it comes to being the number one choice for food shopping. This reflects that some people still cook their own food regularly.

Very few survey respondents stay alone and most stay with friends, family, boyfriend/girlfriend or husband/wife. It is interesting that many of the survey recipients responded to individual questions by listing themselves as a couple (male & female or female & male) rather than alone. Over half of the surveys were completed by women. When it comes to cooking, very few do so and only two respondents cook three times a day while

everyone else in the survey ate fast convenience foods of one kind or another at least once a day. Three people cook one or two times a week while several other said they do so when they have time. The rest indicated that they do not have time to cook. Of those who cook at least once a week, all but one are women. About seventy five percent of the respondents would classify themselves as “regular customers” of the convenience store for food, drinks or the combination of both. Meanwhile information about income, which vary from relatively low incomes to very high incomes, is unreliable as there were some problems with the questions on the survey.

When asked whether CP 7-Eleven had an influence on their food consumption twelve people agreed and five strongly agreed that it did. When the questionnaire asked about the reasons why respondents shopped at CP 7-Eleven, sixteen out of twenty people answered “convenience” followed by product selection and location. An open ended question about CP 7-Eleven’s image (*paap lak*) brought many responses such as convenience, many products, fresh and clean, 24 hours a day, close to work, location, and “easy” food. It is clear that an image of “convenience” as an aspect of lifestyle incorporates many of these ideas. Convenience as a signifier does not include food alone but a whole host of CP 7-Eleven’s institutionalized attributes that many Thai consumers consistently recognize and really seem to appreciate. For *Mae Khaaw*, convenience at CP 7-Eleven perhaps means the ease of buying milk for her cats. For *Oh* it might mean a cool place to take a break from the hot room where she does irons and washes clothes all day long. For *Na*, it could be a diversion from the up and down flow of potential customers that pass by her work during the day. In some way, my informants use of the word “convenience” (*khwaam saduak*) seems to imply an individualized way in which CP 7-Eleven makes life easier.

In conclusion here, it is clear from the exploratory surveys that the CP 7-Eleven convenience store has blended quite well into the food consumption habits of people living in the Central Apartment building. Although it is one of the most popular choices, it is only one of many choices available. Furthermore, its location appears to be its primary asset. The survey results show that the other modern food retailers are not nearly as popular in this environment when it comes to food. They are further away and there are plenty of easy, cheap and freshly cooked fast foods nearby most apartment buildings in the Soi Mahadthai area. This goes for those people that work as well as stay in the area. A lifestyle of food consumption convenience is facilitated by the diverse and affordable foodscape in the area.



The CP 7-Eleven convenience store fits right in to this kind of lifestyle. One might go as far to say that cooking is discouraged by the food choices available, the constraints on cooking in most apartments, and time spent at school or work. This may help increase time for studying or work but it also increases time for leisure activities such as socializing at a local restaurant with friends or browsing through lifestyle magazines at CP 7-Eleven. How consumption of food and leisure changes locally and how CP 7-Eleven will be viewed is likely to change over time. This is becoming reflected in the built environment with increased retail competition and residency in the area. The introduction of CP 7-Eleven's sister franchise in the attachment to the original apartment, CP Fresh Mart, might well bring some changes in local food buying and lifestyle habits as well.

Although my attempts to represent local consumers on Soi Mahadthai are probably no more successful than CP 7-Eleven's attempt to represent the typical CP 7-Eleven convenience store consumer, the modes of habit and choice that local consumers impressed upon me seem to provide the most tangible and concrete examples of how consumption of 7-Eleven has been localized in Bangkok. Lastly, the lifestyles and modes of consumption differ greatly from the marketing images of CP 7-Eleven as well as from the institutional consumer landscapes of 7-Eleven in Japan and the USA described in previous chapters. Although only a glimpse has been offered, the demonstration of the individual and localized character of consumption choices at 7-Eleven on Soi Mahadthai in Bangkok, as represented through my informants, is the main point of this chapter. Their contributions to this research offer much to say about the different perceptions of convenience internationally and how the modern convenience store is being internationalized. However, the different lifestyles of my informants and the unique contexts of their consumption choices makes integrating their vitality into marketing, business and demographic models found in earlier chapters of this thesis a task that is as difficult to conceptualize as it is likely to be effective. Perhaps one wonders in vain if the advertising representations of the idealized CP 7-Eleven consumer described in chapter IV could be altered to reflect the increased complexity of everyday life as seen from an ethnographic perspective. How the average CP 7-Eleven consumer would respond to this approach is another truly genuine curiosity worth consideration.

## CHAPTER VI

### Conclusion and Final Arguments

The 7-Eleven convenience store franchise in Bangkok and the various modes and perceptions of its consumption have entered the everyday life of consumers and residents in a way that is truly distinct from other locations around the world. That this argument can be both logical and effective is the main goal of writing this thesis. This thesis has explored very active processes of internationalization, through a brief examination of multinational business development in a number of countries, combined the localization of modern convenience store consumption in Bangkok, through an equally brief exploration of local government, business and consumers. Although the only consumers really consulted were those in Bangkok, the unique characteristics observed in their lifestyles and consumption at the local 7-Eleven franchise lead me to believe that similar approaches applied to consumption in other countries would provide equally unique and informative information about local consumption.

The first data to support these conclusions are provided in Chapter II of this thesis which describes the divergent path of development processes that spawned the 7-Eleven franchise in the USA and Japan. The main point made in this chapter is that there are a number of shared and borrowed characteristics such as the use of information technology, management practice, branding and the appeal to lifestyles of convenience, but the shape of 7-Eleven's adoption in the countries analyzed follows national development processes that are only reconcilable at a level that is quite general. For example, it is possible to say that the 7-Eleven franchise first appeared in the countries of Japan, the USA and Thailand during periods of growth, but this does not explain subsequent patterns of expansion and adaptation.

Next, Chapter III provides a generalized description of the central retail institutions available for the consumption of local Thai consumers in Bangkok. The fact that similar retail institutions have been modernized in Japan or the USA further supports the rather distinct nature of the business and retail landscape in Bangkok. Outside of these differences, the main point made here is that 7-Eleven has managed to provide something desirable for Thai consumers despite the fact that the local retail environment in Bangkok is already quite diverse and well adapted to the convenience needs and tastes of the average Thai consumer.



Furthermore, it has been my experience to learn from Thai consumers, throughout the course of this thesis, that local Thai tastes for traditionally presented and marketed staple food (such as rice) bought at many of the local retail institutions described in this chapter (rather than the popular snacks and beverages of CP 7-Eleven) are a vital factor in restraining the growth of CP 7-Eleven's ready to eat meals. Nonetheless, the presence of ready to eat meals on store shelves appears to be increasing so that it might be necessary to further clarify my assumptions in the previous statement. In addition to the intensification of modern retail food distribution into the Thai urban retail environment, the overall institutionalization of convenience consumption at 7-Eleven convenience stores by CP Group seems to have respected and compromised with local cultures enough to prosper and continue its growth. Though this process could have been filled with more tension, the observations of this research have not revealed any significant resistance for Thai consumers on the one hand and Thai retailers on the other. In fact, even though some reservations were expressed about the franchise by local retailers, my observations indicate that CP 7-Eleven convenience stores have become readily accepted as a normal facet of retail consumption in Bangkok by local businesses and consumer alike. This fact is highlighted by the word "Seven" (pronounced 'say when' in Thai), the Thai name tag for 7-Eleven, which has become increasingly heard throughout the city's landscape and in a number of daily discourses and experiences.

The analysis in Chapter IV provides a contextual framework for trying to understand how a local actor in Thailand, CP Group, has chosen a unique variety of strategies to try and shape local consumption in Bangkok. It has done this with its own familiar but distinct branding of the 7-Eleven modern convenience store franchise. Though the advertising and depictions of the ideal CP 7-Eleven consumer analyzed in this chapter do not seem to accurately represent the average Thai consumer in Bangkok, the timing and broader business strategies have really found ways to appeal to local convenience needs. However, the main point here is that, the modes of analysis in this chapter, primarily political economy, provide a good structural account of what brought the 7-Eleven franchise to Thailand without telling much about the average Thai consumer. For example, abstracting the account in this chapter provides overly generalized information about the lifestyles and consumption patterns. The insights from this chapter are more relevant when combined with the results of the ethnographic research in Chapter V.

The final chapter of this thesis provides an analysis of consumption at a CP 7-Eleven branch store in the Soi Mahadthai area of Bangkok within the general vicinity of the Central Apartment building. My three informants and the use of several exploratory questionnaires have provided some insights into how CP 7-Eleven has been localized by Thai consumers. Most of the consumers expressed reasons similar to those contextualized in Chapter IV such as location and product selection. For example, their responses to the questions about CP 7-Eleven's image and most appealing qualities reveal expressions such as convenient (*khwaam saduak*) and product choice (*sinkaa maak maay*). Most of them, including all of my key informants, would seem to represent a part of the Thai middle class by income and lifestyle. However, time spent with my key informants and in the local area of CP 7-Eleven consumption on Soi Mahadthai allowed me to understand their lifestyles in a much broader perspective. As detailed in Chapter V, they are not all living the convenience lifestyles of ease idealized in CP 7-Eleven's marketing. Despite this observation, all of my informants seemed to seek an easy lifestyle of convenience but in their own unique way. CP 7-Eleven food items and services are a small but quite familiar choice for maintaining and pursuing conveniences local consumers enjoy. The ethnography in this chapter, despite its many methodological limitations, provides some key insights into the diversity of everyday life in Bangkok and how local consumers have contributed to the success and localization of the CP 7-Eleven convenience store franchise in Bangkok. The main point in this chapter has been to partially integrate the lifestyle choices and characteristics of local actors with the processes described in previous chapters while demonstrating their very active and distinctive roles in the transformations brought about by the introduction of the 7-Eleven franchise in Bangkok.

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**APPENDIX**

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## APPENDIX A

(This an English translation of the survey administered at Central Apartment on Soi Mahadthai)

### **Food Consumption Survey for 7-ELEVEN**

#### I.

1) Where do you buy most of your food and beverages? *Rank in order from lowest frequency (1) to highest (10) the following:* hypermarket (such as Tesco), wet market (selling fresh foods, fruits and vegetables), local market (talaat nat or daily), grocery store (such as local shop), supermarket, convenience store, restaurant, street food stall, food stalls at modern retail shopping venues, delivery of food (such as KFC, pizza, etc.)

Food:

Beverages:

2) Do you eat more fast foods or fresh foods? *Out of ten give a number for both fast food and fresh food with (1) being lowest and (10) the highest:* (fresh foods are those you cooked yourself and does not include microwavable items such as noodles, rice dishes. It also does not include food bought at street stalls or restaurants)

Fresh Foods:

Fast Foods:

3) How often do you eat fast foods? *You can answer freely but try to answer per day, per week or per month such as the response several times a day or once a week:* (fast foods include everything not cooked yourself or food that is not pre-cooked or packaged such as that found at street stalls, some restaurants, local stores and modern retail outlets such as convenience stores)

4) How often do you buy food at convenience stores? *Answer the same as question 3 above but also rank in order the following from (1) the lowest and (3) the highest :* (convenience stores include: mini-marts, local grocery shops and modern convenience stores such as 7-Eleven and Tesco-Lotus Express)

5) Do you spend more on food or services at convenience stores? (This includes all foods and beverages they sell and services like phone cards, bill pay, ATM withdrawal, or electronic credit/debit services)



6) What food and beverages do you buy most often at convenience stores? (This includes specific brand names and general products)

7) What convenience store is your most popular choice for food and beverages? (7-Eleven, Tesco-Lotus Express, Family Mart, local grocery shop, mini-mart or other)

Food:

Beverages:

8) If you go to 7-Eleven, what foods and beverages do you buy most often? *Please give at least 3 examples.*

9) How often do you buy these foods and beverages from 7-Eleven? *Please answer the same as question 3 above.*

10) How often do you go to 7-Eleven for non-foods such as services or other products?

## II.

11) How often do you cook for yourself? (If not, list one reason why not such as no time or someone else cooks for you)

12) If you cook, where do you buy most food for cooking?

13) Who stays with you? *How many people and who are they (friends, family, spouse, boyfriend/girlfriend or people from work or school)*

14) Do you work? (If not working, do you study, take care of the home or unemployed)

15) Do you have and use a car for travel?

16) Do you have a refrigerator or a microwave?

17) Does your room have space for cooking?

### **III.**

18) Are you male or female? (The people you stay with?)

19) How much do you spend per month on food? (If you don't know, estimate it as a percentage of your spending)

20) Are you from Bangkok? (If not, where are you from and how long have you stayed in Bangkok?)

### **IV.**

21) Do you think fast foods are unhealthy? (This means you think fast foods contribute to things like diabetes, obesity, heart disease or other ailments)

22) Do you think the food products of convenience stores such as 7-Eleven contribute to health problems?

23) Do you think 7-Eleven influences your food choices or not?

24) What are some bigger influences on your food choices aside from 7-Eleven?

25) What is the main reason you buy food at 7-Eleven? (If you do not, what is the main reason?)



## BIOGRAPHY

Zachary was born in Pennsylvania in 1971 but grew up in New England (primarily the states of Rhode Island and Massachusetts) in the United States. He has a bachelor's degree in Business Administration from Missouri Southern University in Joplin, MO. His work in the United States included special education teaching in Hyannis, MA until 1996, working in the tourism and hotel business on Cape Cod and later he worked for an insurance and investment firm in Boston, MA until 2003. More recently, he taught English and tourism at Siam University in Bangkok from 2003 – 2006. His parents currently live on Cape Cod in Massachusetts.



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