



Keio Business School

Seven-Eleven Japan Co., Ltd.¹⁾

Founded on November 20, 1973, Seven-Eleven Japan (company name at that time was York Seven; the present-day name was adopted in 1978) is a franchise chain with a remarkable record of strong ongoing growth that since opening its first store in Toyosu, Koto-ku, Tokyo in May 1974, has expanded to 7,362 stores as of the end of February 1998 (including 48 stores in Hawaii; see Appendix 1). Even over the past few years, figures show that Seven-Eleven Japan has opened an average of more than 300 new stores a year, while sales from all chain stores reflect sharp annual growth of more than 20% (see Appendix 2). Fiscal 1997 sales (March 1997 – February 1998) for all chain stores was more than ¥1.7 trillion, and exceeded total sales by the parent company Ito-Yokado. Revenue from operations including sales by corporate stores and charges from franchised stores broke through the ¥100 billion mark in 1988, and today it stands at more than ¥270 billion. It is enjoying sustained high growth of more than 25% in ordinary income, reaching ¥112 billion in fiscal 1997. This is significantly higher than the ¥70 billion in ordinary income recorded by Ito-Yokado in the same year.

Considering the slump faced by the major department stores and supermarkets, the strong showing by Seven-Eleven Japan is quite striking. How has Seven-Eleven Japan managed to maintain such solid growth, overcoming the decline in the retail industry, the bursting of Japan's economic bubble, and price slashing?

Background to establishment

The 1960s and the early part of the 1970s, the eve of Seven-Eleven Japan's establishment, was a period of remarkable economic growth for Japan during which nominal GNP

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