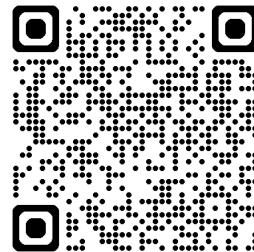


Seven & i to refocus on convenience stores



<https://www3.nhk.or.jp/nhkworld/en/news/videos/20250807214313667/>

Japan's Seven & i holdings has emerged from an aborted buy out bid with a new sense of purpose. So Yuko, the retail giant has announced some big changes.

Yeah it has Rajah. It seems the takeover attempt by Canada's Alimentation Couche-Tard was the jolt Seven & I needed to rethink its business. Now the firm says it will refocus its efforts in its mainstay operation: the Seven & Eleven convenience store chain. It plans to roll out another 1000 outlets across Japan by fiscal 2030, a hefty addition to the 21,000 odd stores that currently dot the country. At the same time, the company will offload some of its less successful non-core businesses including restaurants and supermarkets. To fund the change in strategy to fiscal 2030, Seven & i says it will spend 3.2 trillion yen, around 22 billion dollars. The goal is to increase annual revenue by more than 11%. All of this follows Alimentation Couche-Tard's decision to withdraw its 47-billion-dollar takeover attempt. The bid was pulled, but it seems to have prompted a bound of soul-searching at Seven & i.

We have not really operated as an integrated global entity in the past. Each business unit did its own thing without a great deal of central oversight or even attempts at global leverage and coordination.

Dacus was previously an outside director at Seven & i. He took the top job in May when the firm was mired in poor results and besieged by Couche-Tard's buyout attempt.

And Yuko, the takeover proposal was the impotence that pushed Seven & I in a different direction.

Yeah, you could say that. Now Kazahaya Takahiro is an analyst who studies japan's retail sector and he says the specifics of Seven & I's plans are less interesting than the president's remarks about governance.

He clearly recognized that one of the main reasons for Seven & i's dismal performance was that the holding company wasn't functioning properly. The fact the firm brought in Dacus who wasn't even working there to steer the ship shows there were no next generation leaders ready to step up. And that's a huge problem at a company so big.

Kazahaya says it's good that the firm is being so open about the problems it faces within, but he's less

impressed by the details in its amended business strategy.

The company is talking about events that will happen 5 years from now. It's too early to say if it can achieve those things. The company's financial results are dire now. So investors want to know what the company will do now to turn things around. Unfortunately, Seven & I had nothing to say about that.

So no dramatic revival of fortunes in the month ahead.

Unlikely. Now take a look at this. After Couche-Tard made its takeover bid, Seven & I stock price started to climb. The Canadian company was offering up to 2,600 yen a share. Compare that with the current price, just 2,050 yen and you can see why investors are feeling aggrieved.

Right Yuko, but surely, they can take some positive from the comments from the new president right? It seems like a breath of fresh air.

Well he does talk a good game, but Kazahaya says investors shouldn't get carried away. You know, Dacus has only been in the job for about a few months so it's too early to say if he can deliver. And Kazahaya makes another interesting point that the challenges for Dacus are fairly universal in Japan's corporate sector.

The problems highlighted by Dacus are not new for a globally operating company. What made his comments interesting was that they offered a window into one of Japan's largest retailers which is failing to meet required standards of governance. Recently we've heard a lot of calls for improved governance in Japanese boardrooms and we've actually seen some improvements, but there are still plenty of firms that are still failing the test and I won't be surprised if they become targets for overseas buyers.

So if Seven & i doesn't lift its game soon, it could find itself fending off another takeover attempt.

Likely, and it's not just Seven & i, a criticism we often hear about big Japanese firms is that they offer great products and services not because of how they are managed but in spite of it. So many of them could find themselves in the firing range.

Source: (NHK World News)

Now discuss the questions with a partner.

1. Do you think it is good or bad that Seven & i was not purchased by the Canadian company from the perspective of a customer? How about from the perspective of a shareholder?
2. Do you think it is a good choice for Seven & i to shift focus away from other businesses and focus on convenience stores?
3. Do you think bringing in someone from the outside is a good way to make big changes? Why or why not?
4. The article says some Japanese companies have weak leadership and poor governance. Why do you think that happens, even in big, successful companies?
5. Which convenience store chain do you prefer? Why?