

# INTERNET+ LIQUOR PROJECT: "XIAOCHUAN WINE"

**Wenzong He\*, Supot Rattanapun\*\* & Worawut Wachiraworagunchai\*\*\***

*Graduate School, Southeast Asia University Bangkok, Thailand*

*E-Mail: \*S6341B20040@sau.ac.th, \*\* supotr@sau.ac.th, \*\*\* worawutw@sau.ac.th*

## ABSTRACT

The business plan aims to startup and investor. This company is to be established with a registered capital of RMB 5 million in Chengdu, Sichuan Province, as a state-owned joint venture. The company will build a brewing base with an annual production capacity of 100,000 tons in Luzhou, Sichuan Province, the core area of the "Golden Triangle of Chinese Spirits", and set up a marketing center in Chengdu, the capital city of Sichuan Province, for the national and overseas markets. Through the joint venture company to carry out the market-oriented operation of its own brand, to obtain profits while making the market scale bigger and stronger. At the same time, enhance the brand premium value and added value. According to the estimated brand value of the liquor industry, after 3-5 years of continuous operation, the brand value of "Xiaochuan Liquor" planned to be operated by the joint venture will exceed 100 million yuan. The annual revenue growth rate is expected to be 20%, Return on investment is 3.8%, and expected to recover costs in 26 years.

**Keywords:** Internet, liquor project, Xiaochuan Wine, business plan.

## INTRODUCTION AND COMPANY PROFILE

Sichuan Xiaochuan Liquor Co., Ltd. is a new Internet-based liquor enterprise jointly established by Spicy Media and Sichuan Liquor Company. The company is to be established in 2022, with a registered capital of RMB 5 million in Chengdu, Sichuan Province, as a state-owned joint venture. The company will build a brewing base with an annual production capacity of 100,000 tons in Luzhou, Sichuan Province, the core area of the "Golden Triangle of Chinese Spirits", and set up a marketing center in Chengdu, the capital city of Sichuan Province, for the national and overseas markets.

## INDUSTRY ANALYSIS

### Strengths

1. Sichuan Wine Company is a professional wine company with professional resources and team; Spicy Media is a professional marketing company with professional resources and marketing talents.
2. Relying on the good media brand and channels, the market can be trusted.
3. There is a potential resource group of political and business customers in the province, with the feasibility of marketing products in the province.

## **Weaknesses**

1. Spicy Media is a media company, which has never been involved in the sale of alcohol.
2. How to integrate the advantages of the joint venture company's resources and rationalize the docking and operation mechanism of their respective enterprises.
3. Sichuan Wine Company was established only three years ago, and its branding and operational capabilities still lag behind those of large wine companies such as Maotai, Wuliangye, Luzhou Laojiao and Langjiu.

## **Opportunities**

1. The country has fully liberalized the access threshold of the liquor industry, and the Sichuan provincial government attaches importance to the liquor No. 1 industry.
2. Sichuan Wine Company is a large liquor group jointly built by the provincial government and Luzhou municipal government, with a strong background and brand appeal, and its strong acquisition of major No. 2 liquor enterprises is expected to become a carrier-type enterprise among No. 2 liquor enterprises.
3. Mobile Internet era step by step, the Internet + liquor, will greatly save the cost of traditional liquor sales channels.

## **Threats**

As the joint venture is in its infancy, it faces strong competitors such as Wuliangye, Luzhou Laojiao and Langjiu, and its own products need to go through a cultivation period, which will pose certain competitive pressure and pressure to cultivate profitability.

## **MARKET ANALYSIS AND MARKETING PLAN**

Reasonable estimates of revenue performance can be achieved after cooperation between the two sides.

1. wine business: the first phase to create more than 1 official (government, business) hospitality wine.

In 2022, the revenue will be 6 million yuan.

In 2023, achieve revenue of 7.2 million yuan.

In 2024, the revenue will be 8.64 million RMB.

Thereafter, the annual revenue growth rate is expected to be 20%, and the specific target and annual growth rate can be adjusted by both parties in the actual operation.

2. Media agency and advertising business.

In 2022, the revenue will be RMB 4 million.

In 2023, the revenue will be RMB 4.8 million.

In 2024, the revenue will be RMB 5.76 million.

Thereafter, the annual revenue growth rate is expected to be 20%, and the specific target and annual growth rate can be adjusted by both parties in the actual operation.

3. Exhibition and conference business.

In 2022, the revenue will be RMB 3 million.

In 2023, the revenue will be RMB 3.6 million.

In 2024, the revenue will be 4.32 million RMB.

## **MANAGEMENT TEAM AND COMPANY STRUCTURE**

The Company establishes a sound corporate governance structure in accordance with the provisions of the Company Law and conducts standardized and efficient corporate operation and management.

Chairman (appointed) 1

Director (appointed) 4

General Manager (assigned) 1

Executive Vice President (assigned or recruited) 1

Deputy General Manager (assigned or recruited) 2

Chief Financial Officer (assigned) 1

Marketing Director (recruitment) 1

Technical Director (recruitment) 1

Comprehensive Department (recruitment) 4

Wine Business Division (recruitment) 6

MICE Business Division (Recruitment) 6

Media Division (Recruitment) 6

## **OPERATION AND PRODUCTION PLAN**

After the establishment of the joint venture company, both sides will work together to create customized finished wine brands that meet the audiences of both customers' resources, and Sichuan Wine will be responsible for the supply and production guarantee of bottles and base wines, etc. The joint venture company will develop series products according to market demand, and leverage Spicy Media's media resources and Internet online channels to market the products and expand media marketing agency and exhibition and conference business simultaneously, so as to gradually obtain operating profits and To realize the capital return to the investor.

According to the development of the company, we will gradually import resources to enlarge and strengthen the company's revenue. Spicy Media will incorporate some of the existing high-quality media and online Internet resources into the joint venture company, and at the same time, based on the group's advantages, Sichuan Wine Company will assist the joint venture company to set up a sales team and develop more finished wine products that are suitable for the audience and market demand of both customers and resources, and promote them to the market. Sichuan Wine Company will provide brand endorsement, technical gate-keeping, raw wine supply, production guarantee and other back-end businesses to help the joint venture company promote brand aggregation, expand sales, make the joint venture company's revenue bigger and bigger, and strive to exceed 10,000,000 yuan in total revenue and 16 million yuan in total gross profit within three years. After reaching a certain scale and profitability, we can develop other "Internet+" businesses on this basis.

## **FINANCIAL ANALYSIS AND FEASIBILITY ANALYSIS**

1. human resources cost decomposition forecast (measured according to 24 people): salary 2.4 million yuan, social security 280,000 yuan, provident fund 420,000 yuan, target performance (bonus) 900,000 yuan; expected annual expenditure of 4 million yuan.

2. marketing cost decomposition projection: 500,000 yuan for preliminary market research; 1 million yuan for liquor brand design; 1 million yuan for bottle and label design; 2 million yuan for annual brand promotion; 1.5 million yuan for marketing system construction and reception-related expenses for city, county and district distributors; base wine and bottle cost price (100 yuan/bottle x 12,000 bottles = 1.2 million yuan, primary stage, average of 100 pieces per city and county dealers are expected to sell 100 pieces) is expected to be 1.2 million yuan; the cost price of tasting wine and activity wine (100 yuan/bottle x 3,000 bottles = 300,000 yuan) is expected to be 300,000 yuan; the annual expenditure is expected to be 7.5 million yuan.

3. office cost breakdown forecast: including office property rental, parking, utilities and other costs, the annual expenditure is expected to be 1 million yuan.

4. the net present value of the company: 13 million - 12.5 million = 500,000.

5. Return on investment of the company: The preliminary budgeted return on investment is  $500,000 / 13 \text{ million} = 3.8\%$ .

6. The company's cost recovery cycle:  $13 \text{ million} / 500,000 = 26$  years, expected to recover costs in 26 years.

## **CONCLUSION AND REFERENCE FOR FUTURE WORK**

Through the joint venture company to carry out the market-oriented operation of its own brand, to obtain profits while making the market scale bigger and stronger. At the same time, enhance the brand premium value and added value. According to the estimated brand value of the liquor industry, after 3-5 years of continuous operation, the brand value of "Xiaochuan Liquor" planned to be operated by the joint venture will exceed 100 million yuan.