

# RIDA FRESH FOOD E-COMMERCE

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## ABSTRACT

This paper is qualitative research. The objective is start-up business. This study begins with an overview of the fresh food retailing industry and its development history. The macro and microenvironment facing the fresh food retail industry is also analyzed, as well as the current fresh food retail market conditions. Secondly, a comparative analysis of market analysis, product management, service marketing, operation management and feasibility of economic indicators, risk issues and response strategies required for starting a business in the fresh food retail industry is conducted, and it is found that it is very important to do a good job of market positioning and choose a suitable marketing strategy at the entry stage of the fresh food retail industry, that it is difficult to control the product quality, difficult to manage the supply chain, and that the e-commerce business has The problems of product quality and delivery are difficult. These problems are analyzed in depth by using the corresponding theoretical knowledge on market, strategy, operation, service and marketing promotion to fully understand the essence of fresh food retail industry operation. The results of the net present value are 7794210 and discounted cash flow rate of return is 1.87.

**Keywords:** Fresh food, E-Commerce, Marketing strategy

## Section 1 Introduction

The fresh food industry has seen a new reshuffle with the arrival of the capital winter, and the fresh food industry's exemplary learning object, the fresh food e-commerce giant Daily Fresh, is now in crisis. halfway through 2022, the fresh food e-commerce market, which was on fire due to the epidemic, suddenly ushered in an explosive news, the domestic "fresh food first stock" Daily Fresh The daily freshness is on the verge of collapse. In order to live in the fresh food industry, we must seriously study and analyze what customers want, where customers are satisfied and what they are not satisfied with, and do more homework in the supply chain, good procurement and inventory management, but also in the sales channels, promotion and sales promotion under the hard work to expand sales dilution of fixed costs, only then can we survive and develop in the market competition in the cracks.

## Section 2 Company Description

Xi'an Rida Fresh Technology was established in August 2022, the company plans to initially invest 1.2 million yuan for the opening of the first store. Land area: 120 square meters, the existing staff of 5 people, the company's legal representative: Chenyuan Gao. Registered in Weiyang District, Xi'an, Shaanxi Province, the company's main business is the wholesale and retail of grain, oil, rice and noodles, fresh and dry miscellaneous, fruits and vegetables, aquatic and meat products, as well as snacks, alcoholic beverages and other businesses.

## **2.1 Mission Statement**

The company is located in the goal of "being a community fresh food retail brand chain store with customer satisfaction", adhering to the value of "making cooking at home more convenient and family life more warm", and striving to become a community fresh food retail brand business. The company will adhere to the principle of steady and stable development, not aggressive expansion, to achieve a step-by-step development. By opening stores in the same area, we can quickly achieve scale effect and cost optimization, thus becoming an excellent fresh food retail company.

## **2.2 Products and Services**

At present, the planned commodities mainly involve fruits and vegetables, dry and miscellaneous seasonings, aquatic meat and snacks and drinks, etc.

(1) Fresh products: fruits, vegetables, meat, eggs and milk, soy products, aquatic seafood, rice, noodles and miscellaneous grains, edible oil, etc.

(2) Dry and miscellaneous seasonings: ingredients and kitchen supplies such as soy sauce, pepper oil, Lao Gan Ma, vinegar, cooking wine, olive oil, MSG, chicken essence, pepper, fennel, salt, sauerkraut fish hot pot and other kinds of seasonings.

(3) Snacks and drinks and others: all kinds of brand snacks, drinks as well as tobacco and alcohol.

## **Section 3 Industry Analysis**

The fresh food retail industry is an ancient industry that has existed and developed for thousands of years since ancient times. Unlike the changing, complex and unpredictable environment faced by emerging industries like the Internet, artificial intelligence and cloud computing, fresh food retail faces a stable and predictable environment, which also provides a good basis for environmental analysis.

### **PEST-based macro environment analysis**

#### **3.1 Politics**

Since ancient times, the development of agriculture in China has been highly valued by the government, and the cultivation, transportation and taxation of fresh produce have been supported by national preferential policies. Prices, vehicle tolls, and the solution of VAT deduction issues and other aspects to give policy support to fresh produce enterprises. And in the foreseeable future, with the gradual implementation of the two reforms of "decentralization" and "tax reduction", the government policy environment will be more optimized, and the support for the fresh food industry will become stronger and stronger.

#### **3.2 Economy**

According to the relevant data released by China's Bureau of Statistics, the urbanization rate of China's resident population reached 64.72% in 2021, and the total urban population reached 914 million, which is 0.73 percentage points higher than the end of last year. The urbanization rate of China has increased by 1.2% annually in the past five years, and is expected to reach 70% by 2023, when the total urban population of China will reach 980 million. Especially in recent years, China's urbanization development strategy has shifted from the previous priority of

developing small and medium-sized cities to adjusting to the metropolitan area and city circle model.

### **3.3 Society**

The Chinese people's pursuit of a good diet is tireless, and the "China on the Tip of the Tongue" has spread all over the country, especially in recent years, as people's pursuit of quality of life is getting higher and higher, the demand for fresh products is also getting higher and higher, especially imported products, green products and organic products have become the hot choice for everyone. This diversification of demand not only brings the demand for diversified products to the fresh food retail industry, but also brings the problem of unconformity to the fresh food retail enterprises when expanding to other places.

### **3.4 Technology**

In the past, fresh products were limited by transportation conditions, cold chain logistics technology and equipment level, long and short distance logistics and last mile distribution services, etc. The fresh industry has been limited to small regional shopping areas, non-seasonal, non-local fresh products at high prices, which restricted the development of the fresh industry. Nowadays, with the development of Internet, Internet of Things, high-speed and air transportation, and cold chain logistics, these problems no longer exist. Moreover, with the development of artificial intelligence, big data and Internet of Things technology, the level of specialization in fresh produce production has been greatly improved, not only to achieve the full logistics tracking, but also to achieve commodity traceability. The logistics conditions are getting better and better, and the preservation technology of fresh products is getting higher and higher, these technical conditions have started an important role in reducing product loss and cost.

## **Section 4 Market Analysis**

### **Market Segmentation**

Determining the target market is the first step in starting a business, but also the primary content of the enterprise marketing strategy planning, or the premise and basis of the enterprise to develop a marketing mix strategy. Through the market refinement selected target market, the formation of the enterprise's own market positioning.

Market segmentation is based on a variety of factors, such as industry, geography, customer type, usage rate, etc. Target customer groups are different, and the needs of each group are different. Our fresh food retail products are mainly for families and individuals, so we will segment mainly in terms of customer types.

### **SWOT Analysis**

SWOT analysis is a combination analysis of the external environment and internal factors of a company. Combining the above analysis of various factors of the project, we can conclude the strengths, weaknesses, opportunities and threats of our Rida Fresh Fresh brand.

(1) Strengths: The project has experience in opening community fresh food convenience stores, and has experience in the success and failure of fresh food supermarket operation. Moreover, we have the relevant channels in the community property, so that we can carry out the corresponding community promotion and joint marketing activities.

(2) Weaknesses: As an individual shareholder-funded startup, the financial strength is weak, small scale, and no brand advantages have been formed. And in the face of competition from large chain brand fresh supermarkets, it also lacks the corresponding supply chain feeding advantage.

(3) Opportunities: With the encouragement of "mass innovation and entrepreneurship", the government has continued to simplify and decentralize the government and optimize the business environment, which is a good opportunity for entrepreneurship and innovation. Even strong Internet giants like Ali, whose "Freshhema" is also facing the problem of some stores being closed down due to poor operation, are not yet a monopoly in the fresh food retail market, and small but beautiful is a major asset in the fierce market.

## **Section 5 Marketing Plan**

### **5.1 Overall Marketing Strategy**

In the face of the increasingly fierce competitive situation in the fresh food retail market, as well as the immaturity of the market model and the huge market space, we must find our own positioning, select the right target market, bring into play our comparative advantages, find market opportunity points and execute them precisely and efficiently to realize our business value. Specifically, we will mainly implement differentiation strategy, joint strategy and service marketing strategy.

### **5.2 Pricing Strategy**

Our pricing strategy will be determined by three aspects: market price, product cost, and competition. Product cost is the basic factor that determines the product price, and must be considered in the formulation of the pricing strategy, such as the cost of purchase, loss rate, as well as housing rent, personnel wages, and marketing and promotion costs. In specific operation, we use 20% of the gross sales margin as the cost pricing benchmark to set the basic price of the product.

### **5.3 Sales process and promotions Mix**

Fresh produce is different from other products, the product shelf life is short, pay attention to fast consumption, reduce inventory, so the price must be based on the market, but also flexible pricing, only then can have a competitive advantage to ensure that the product does not lag. In the specific operation, we will adopt the principle of point-in-time pricing and product purchase date pricing, before 5 pm every day, before the arrival of the shopping peak of the residents after work to select slow-selling goods, fruit and vegetables in stock for more than one day as a promotional discount products, to take a discount way to quickly depletion, to avoid greater losses caused by product stagnation and decay.

5.4 Distribution and Sales consumers, and it is a small transaction, so there are fewer retailers who carry out channel construction. Although the initial investment in channel construction is large, once it is established and perfected, it can bring us not only a single customer but a piece of customer base. On the other hand, with the development of online O2O platforms such as Meituan, especially young people prefer online shopping, online channel models, including Meituan platform shopping, WeChat group shopping, WeChat public

number, etc. are also important aspects of marketing channel strategy. Based on these two aspects, we propose the following two channel construction strategies.

### **Section 6 Management Team and Company Structure**

The board of directors consists of five natural persons, with the founder, Chenyuan Gao, investing RMB 200,000 in the venture and the remaining four investors, Kangkang Wang, Maoshegn Tian, Fulin Gao and Haiyang Hu, investing RMB 200,000 each.

### **Section 7 Financial Analysis**

This section will discuss the current financial budget for the project.

The company plans to raise its own capital of 1.2 million RMB, so the registered capital of the company is 1.2 million RMB, and the capital will be in place to enter into operation at the fastest speed.

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