

# C XIANG HOT POT

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## ABSTRACT

This paper is qualitative research. The objective is for startup business. C Xiang Hot Pot insists on the business credo of "winning reputation by taste", using custom-made ingredients, selecting fresh and unique ingredients from all over the country, and matching them with unique sauces and seasonings to suit the taste of consumers all over the country, the hot pot restaurant combines simple retro decoration design, highlighting the characteristics of local culture and giving diners a visual and taste sensory experience. The dual experience of visual and taste. The financial result shows that, NPV is 11944, ISS is 143%.

**Keywords:** Chuan Xiang, Hot Pot

## Company Introduction

C Xiang Hot Pot is one of the many hot pot brands with unique characteristics. It was born in 2022 as a chain brand store operating mainly Sichuan hot pot. It started from a small unknown hot pot store, and after 1 year of entrepreneurship and struggle, it has grown into a well-known store with Sichuan hot pot characteristics that has withstood the test of the market and customers. It is also a hot pot brand with Chengdu cultural characteristics, which is built by experienced personnel in various departments of the catering industry for the Chengdu market.

C Xiang Hot Pot insists on the business credo of "winning reputation by taste", using custom-made ingredients, selecting fresh and unique ingredients from all over the country, and matching them with unique sauces and seasonings to suit the taste of consumers all over the country, the hot pot restaurant combines simple retro decoration design, highlighting the characteristics of local culture and giving diners a visual and taste sensory experience. The dual experience of visual and taste.

C Hot Pot has more directly-managed stores in Sichuan, a large modern logistics and distribution base and base production base, a group of experts and technicians from food, nutrition, engineering, storage, management, etc., and nearly 1,000 employees. We have also obtained HACCP certification, QS certification and ISO9001 international quality system certification.

## Market Analysis and Marketing Plan

Market Analysis: With economic development and growth in per capita disposable income, China's per capita food, tobacco and alcohol consumption expenditure is increasing at an annual rate of 5%-8%. The catering market will benefit from faster growth in demand expansion, with a CAGR of 11% from 2014-2019, a 15% year-on-year decline in 2020 due to the impact of the epidemic, and a basic recovery to pre-epidemic levels (RMB 4.7 trillion) in 2021. The China Chain Store Association predicts that the size of China's catering market could reach RMB 6.6 trillion in 2024.

China's catering market is huge, with a CAGR of 8.6% in the last decade. According to statistics, the size of China's catering industry is expected to increase from RMB3.9 trillion to RMB7.6 trillion between 2020 and 2025, mainly due to the increase in the total economic volume, the increase in disposable income and the development of digital platform technology in the market. According to data from Enterprise Search, China's registered catering enterprises reached 3.167 million in FY21, a ten-year high.

Marketing Plan: Overall Marketing Strategy: Based on the local culture of Sichuan, such as the leisurely lifestyle of Chengdu people and the gathering custom of mahjong and chess, the local culture of gathering the public, making friends with all sides, and meeting friends for meals is the food culture background, and a place suitable for people's friendship and gathering is built to create the brand of Sichuan hot pot.

pricing strategy: Membership card+ Combination sales+Promotional activities

investigation and promotion

Before the sale - do research, attract customers

During the sale - focus on service, make yourself at home

After the sale - discounts and discounts, promote re-consumption

distribution and sales

recommendation from memberships

Internet network distribution

media distribution

### **Operating Plan, Production Design and Development Plan**

Early period Preparatory phase:In the hot pot store from the beginning of the construction of the store, the start of the opening of the operation of the early stage, it is based on the local, and establish a good store operation mode and brand development of strategic planning, so that the brand personality, stand out in the market, to attract market consumption, expand the market share. With the advantageous gimmick of Chengdu, Sichuan as one of the birthplaces of hot pot and the rich culture of city food, the restaurant brings together guests from all sides, and takes the quality of "freshness, quality, complete dishes, reputation, thoughtful and efficient service" as the concept of running the restaurant, establishes the brand culture, takes the city's mainstream media as the link of communication, and focuses on high-quality advertising, always accompany the public.

Mid-term (Operation period) :When the advantages of the store are established, the brand construction has a certain effect, and the name is known by more consumer groups, the store will be adjusted in overall management, including production management, staff management, service mode management, innovative management of marketing channel patterns, pay attention to the collection of feedback from guests during the dining process, strengthen the interaction with customers, timely handling of customer complaints, and strive to improve customer satisfaction. We will also strengthen the interaction with customers, handle customer complaints in a timely manner and strive to improve customer satisfaction. We will make timely corrections to the problems of equipment wear and tear and safety hazards in the stores, and improve the comfort of the dining environment, so that the overall hardware and soft power can go hand in hand and reach a new level. Lock the store consumer crowd, enhance repeat customers and attract new customers.

Later period (The next five years) : When the number of expanded stores reaches a certain level, the market is gradually saturated and the development of the hot pot industry is bound to usher in with other competitors

Valley peak confrontation, saber-rattling situation, competitors are also learning the store's strengths, imitation and beyond the store, more market diversions, more choices for the consumer population, the greater the operating touch points brought to the store, the need for the store to pay more attention to retaining its own characteristics, with an all-encompassing mind to develop the industry has not touched the business field of things, such as the development of hot pot dishes, online and offline combined marketing, 24-hour delivery service, mining Overseas market, out of the country, innovation more hot pot eating techniques, etc., to expand the influence of the industry, and increase the popularity, so that more people in the world can taste the charm of hot pot.

### Financial Analysis

Income Statement					
For the Year Ended, Dec., 31					
Unit (K)	2022	2023	2024	2025	2026
Revenue:					
Pet Products	416	452	494	546	608
T-shirt	1044	1132	1240	1368	1526
GPS Collar	12900	14000	15336	16926	18860
Service Revenue	3216	3536	3824	4220	4704
<b>Total Revenue</b>	<b>21370</b>	<b>23162</b>	<b>25362</b>	<b>27988</b>	<b>31188</b>
Cost of Goods Sold	13750	14932	16348	18042	20104
Gross Margin	7580	8230	9006	9746	11082
Operating Expenses:					
Salaries Expenses	3480	3654	3836	4028	4228
Application Expenses	160	0	0	0	0
Rent Expenses	1406	1424	1440	1460	1496

Repair Expenses	12	12	12	12.2	12.6
Maintenance Expenses	24	24	24.4	24.6	25.2
Marketing Expenses	416	420	424	410	438
Delivery Expenses	360	362	366	370	378
Utilities Expenses	180	180.6	183.2	185.6	189
Depreciation Expenses	45	45	45	45	45
Miscellaneous	12	12	12.2	12.8	12.6
Office Supplies	120	120	120	120	123.8
<b>Total Operating Expenses</b>	<b>6226</b>	<b>6226</b>	<b>6468</b>	<b>6468</b>	<b>6944</b>
Operating Profit (Loss)	1352	1960	2544	3248	4176
Less: Taxes	112	216	290	396	530
<b>Net Income</b>	<b>1240</b>	<b>1776</b>	<b>2252</b>	<b>2852</b>	<b>3616</b>

Balance Sheet					
For the Year Ended, Dec., 31					
	2022	2023	2024	2025	2026
Assets					
Current Assets					
Cash	454	624	840	1160	1466
Office Supplies	120	246	378	1160	663
<b>Total Current Asset</b>	<b>2337</b>	<b>3244</b>	<b>4392</b>	<b>5841</b>	<b>7667</b>
Noncurrent Asset					
Application	80	80	80	80	80
Properties, Plant and Equipments					
Computer	160	160	160	160	160
Printer	100	100	100	100	100
Table & Chair	40	40	40	40	40
Washer	150	150	150	150	150
Accumulated Depreciation	45	48	67.5	90	112
<b>Total Noncurrent Assets</b>	<b>564</b>	<b>520</b>	<b>474</b>	<b>430</b>	<b>384</b>
<b>Total Assets</b>	<b>2620</b>	<b>3504</b>	<b>4630</b>	<b>6056</b>	<b>7880</b>

Ratio analysis					
	2022	2023	2024	2025	2026
Sales growth rate	0	15%	20%	30%	35%
Gross margin	93.20%	90.52%	98.57%	99.46%	99.35%
Current assets	55.68%	56.04%	66.40%	76.76%	87.13%
Debt-to-asset ratio	44.31%	53.09%	61.94%	70.84%	89.80%
Return on Capital	78.40%	71.32%	84.39%	77.61%	80.99%
Asset sales	60.32%	62.34%	64.45%	66.68%	69.01%
Current Liability Asset Ratio	23.20%	33.86%	34.55%	25.28%	36.04%
Acid test	184.22%	176.01%	168.21%	150.80%	153.76%

Net present value and internal rate of return analysis		
Year	Free cash flow	Present value of free cash flows
0	-642	-642
1	1085	1116
2	1678	1574
3	2416	2261
4	3524	3292
5	5087	4838
WACC	0.074	
Net Present Value	13438	
Discounted cash flow return	2.0325	

Year	Free cash flow	Cumulative cash flow
0	4000	4000
1	4554	555.6
2	6242	6764
3	8406	15204
4	11164	26370
5	14672	41042

Year	2022	2023	2024	2025	2026
Return on investment	31.02%	44.19%	56.31%	71.31%	90.18%
Net income	1240	1766	2252	2852	3606
investment	4000	4000	4000	4000	4000

year	Free cash flow	PV of free cash flow
0	4000	4000
1	4554	3960
2	6242	4720
3	8406	5528
4	11164	6384
5	14672	7294
Weighted average cost of capital		15.00%
Net present Value (NPV)		11944
Internal Rate of Return (IRR)		143%

From the above table, the enterprise investment is larger, start-up capital includes self-raised and loans in financial institutions, at the early stage of the operation risk, but because in line with market expectations, hot pot industry mature consumption system at the local, its sales will increase steadily year by year, smooth development stable, output more profitable and ideal, profit is greater than the liabilities, The profit is also in the financial plan,

the cash flow of the enterprise is relatively stable, there is no record of bad debts and debts, and the account accounting is detailed and timely. The main problem is that the aging expenditure of the store facilities and equipment is still large, which should be paid attention to and maintained by the enterprise during the orderly operation, and the loss is controlled in a reasonable expenditure range, which will achieve good results. In addition, in the long-term operation period, the enterprise has obtained the national tax preferential policy support, return income effect is obvious, the development trend is good.

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