

THE SUMMER SOLSTICE CHINESE BAR

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ABSTRACT

Over the past 40 years of reform and opening up, China's economy has undergone remarkable changes and development as the reform of the economic system has progressed, the commodity market has prospered like never before and the incomes of the people have risen significantly. One of the major phenomena is that the high-income group has been expanding and the consumption of high-end products in various fields is gradually becoming familiar and acceptable to the general consumers. As a result, a high-end products market with a certain scale and growth potential has been formed, and the prospect of a high-end products market in China has greatly attracted the attention of various enterprises. Bars are open to a wide range of consumers. Most bars on the market are Western-style, passionate "clubs", but is there a Chinese style bar?

Keywords: bar, market analysis

Introduction

Over the past 40 years of reform and opening up, China's economy has undergone remarkable changes and development as the reform of the economic system has progressed, the commodity market has prospered like never before and the incomes of the people have risen significantly. One of the major phenomena is that the high-income group has been expanding and the consumption of high-end products in various fields is gradually becoming familiar and acceptable to the general consumers. As a result, a high-end products market with a certain scale and growth potential has been formed, and the prospect of a high-end products market in China has greatly attracted the attention of various enterprises.

Do you remember where you last had a drink? Do you remember where you most often go to relax? The answer often varies from person to person, from a walk in the suburbs to a party at a school reunion. Amongst these various answers, Chengdu people often give the same answer - "at a bar".

The momentum and potential of the bar as a leisure and entertainment venue is huge in the context of the current market economy with relatively liberal policies. More and more people understand and enjoy this mode of relaxing themselves with a lively atmosphere, and the bar industry is gradually maturing while being accepted by the public.

Bars are open to a wide range of consumers. Most bars on the market are Western-style, passionate "clubs", but is there a Chinese style bar?

Knowledge of pubs is yet to be developed, but many consumers are hungry for a pub that really suits them. This demand could lead to a dramatic change in the bar industry.

1. Bar Concept

The main theme of this bar is Chinese style, with Chinese decoration and Chinese wine. Unlike most western style bars in the market, this bar focuses on the scene experience and strives to create a bar with Chinese culture as the core for customers.

2. Name

The bar has restrictions for liability and the name of the bar is: "Lixia".

3. Considerations for naming a business

Lixia, the seventh of the twenty-four Chinese solar terms, means the first of the summer seasons, and the calendar reads, "The dipper points to the southeast, and the dimension is Lixia. After the first day of summer, sunshine increases, the temperature rises and thunderstorms increase. It is an important festival that marks the beginning of the peak season for the growth of all things.

4. Legal issues

Policy regulation and support.

In order to promote the development of the cultural and entertainment industry and strengthen the management of entertainment venues, the State Council has issued relevant regulatory regulations to drive the bar industry towards a healthy and orderly development.

Part III: Industry Analysis

3.1 China Bar Industry Sector, Industry Size, Growth Rate and Sales Forecast

The environment for the bar industry has continued to improve and new market players have emerged. According to the National Bureau of Statistics, China's Gross Domestic Product (GDP) grew by 8.1% over the previous year, a two-year average of 5.1%, ranking first among the world's major economies.

3.1.1 Analysis of the impact of the international situation on the development of the bar industry

Following the Russia-Ukraine conflict, global commodity prices rose across the board, with oil prices exceeding US\$100 for the first time in almost eight years, indirectly leading to higher operating costs for the bar industry. With the rise in oil prices, global hyperinflationary pressures are also rising rapidly. In the coming years, the upstream and downstream enterprises in the bar industry chain will face greater pressure. At the same time, the global bar industry is also actively promoting the construction of new development ideas as the world economy struggles to recover due to the epidemic and the global production and supply cycle is not smooth. Although, on the whole, domestic development is under pressure from shrinking demand, supply shocks and weakening expectations, the long-standing fundamentals of the bar industry have not changed, and the characteristics of good development resilience, sufficient potential and space remain unchanged.

Since the start of the New Crown epidemic, the bar industry in China in 2020 has been extremely difficult, with SMEs as well as the retail, catering and hospitality sectors suffering the heaviest blow. The data shows that the impact of the 2020 epidemic on the bar industry is in the short term in terms of turnover, in the medium term in terms of overall operations and in the long term in terms of market spending power. Preliminary statistics show that the number of bars in China has decreased from 69,200 in 2019 to 63,500 in 2020.

Part IV: Market Analysis

4.1 Market analysis

4.1.1 Target markets

As the city with the richest nightlife in China, Chengdu is the perfect market for the bar industry, and the Taikoo Li business district, located in the heart of the city, is not only easily accessible and well patronised, but also has a unique historical and cultural flavour with its proximity to the thousand-year-old Daci Temple. The shopping district is home to a range of top fashion and lifestyle brands such as Gucci, Cartier, Hermes, Ralph Lauren, Versace, Coi, Balmain, I.T, B&O and Leica. For dining, there are Michelin-starred restaurants Din Tai Fung and Ching Doo. Paragon cinema and Ole' supermarket will also provide a superb entertainment and lifestyle experience for TaiKooLi Chengdu. According to preliminary statistics, the resident population of Jinjiang District is 90,933, while the proportion of the population aged 15-59 years old exceeds 68.6% of the total. Our target customers are the young and middle-aged population aged 18-35 years old, which is rich in energy and has sufficient purchasing power, while the competition for Chinese bars in Chengdu is almost nil, making it a good time to enter and the market prospect is relatively broad.

4.2 Competitor analysis

At present, bars in China are mainly located in the Bohai Sea region, with Beijing and Tianjin as the centre, the Yangtze River Delta region, with Shanghai and Jiangsu and Zhejiang as the centre, and the Pearl River Delta region, with Shenzhen and Guangzhou as the centre. The bars in each region have their own characteristics, such as the rough and flamboyant bars in Beijing, the delicate and fashionable bars in Shanghai, the lively and noisy bars in Guangzhou and the passionate and open bars in Shenzhen. In the process of continuous development, the bar industry in China has gradually formed a more well-known chain of bar brands.

SWOT analysis

Soho Bar SOHO

Strengths: China's largest bar chain, with more than 130 outlets nationwide and a large number of customer resources, has created the "Soho Model" which has become a bar business model with national influence.

Disadvantages: The size of the outlets varies, and the impact of the New Crown epidemic has been greater as a number of small outlets have closed down across the region

Opportunity: Despite the impact of the epidemic, it still has a large customer base in the market and remains a strong competitor in the circuit as the domestic epidemic is now stabilising

Threats: Large size leads to significant disparities between branches and the need for a rational selection system for human resources

TrueColor

Strengths: 17 years of focus in the music field, wide audience and richer customer resources than the average bar. This colour has joined forces with strong brands in different fields, such as Pioneer, Men's Wear, Sina.com, etc., and has strongly promoted the development of nightlife culture in its city, deservedly becoming the most influential high-end entertainment brand.

Disadvantage: Fewer shops

Opportunities: Although there are fewer shops, they have not suffered too much under the epidemic and now that the epidemic is stabilising in the country, they can try to continue to broaden their market.

Threats: Established 23 years ago, attention should be paid to infrastructure development and whether it will cause aesthetic fatigue for customers.

Part V: Marketing Plan

5.1 Overall marketing strategy

Whether it is the development of a bar or a hotel, operators need to find their own business and sales solutions. However, in many of the bars in China, there has been the phenomenon of the same bar business plan, the lack of flexibility and innovation, and the lack of optimal business results. Modern bar business sales issues are gaining more and more attention and are a part of bars, hotels and other food and entertainment businesses that need to be strengthened. Here we will introduce you to the eight key points of a successful bar business sales programme.

5.2 Pricing strategy

The bar's shop is decorated in the old Chinese style, and in line with this, the drinks should also follow this style and stick to the Chinese style. Consider ordering home-brewed rice wine, sorghum wine and white wine from farmers in the countryside, as well as other traditional Chinese drinks such as yellow wine, Shao wine, fruit wine and dew wine. Of course, a variety of teas from the North and South must be available, with green, black and oolong teas a must. In terms of prices, the various charges can be appropriately put up. As a Chinese bar with almost no competition in the market, it is reasonable to calculate and set the price standard on the basis of maintaining a gross margin of around 60% by adding up the drinks and service charges.

5.3 Promotion

In fact, bar marketing is a never-ending task that needs to be carried out over a long period of time, but everything changes. As long as you have mastered several basic marketing methods, you can plan new marketing activities by example.

5.4 Distribution

Traditional distribution has a distribution management problem because of the large number of intermediaries. Today's modern products are generally will go through market research, product design solutions, product development, manufacturing, brand promotion, marketing and after-sales maintenance services and other seven links. The whole process from product manufacturing to customer purchase is a reliance on external resources to carry out the whole process of product sales, the whole process is called distribution management. In the distribution management there are many kinds of distribution operation mode, in which contains: way structure, sales method, transaction method, storage and transportation method, training management system, advertising, marketing means and so on many parts.

Section Financial projections

Challenges and risks

The bar industry in China has not really developed for a long time, but it has developed rapidly and the average annual growth rate has remained relatively stable. Companies involved in the bar industry have entered a period of maturity where technology has moved from imitation to independent development. With the promotion of a large number of bar enterprises, the market is also expanding. Current characteristics of the bar industry.

The bar industry has a low threshold, a large number of practitioners, mixed operations and is generally small in scale, far from forming a scale advantage.

By comparison with many businesses in the bar industry, most have a small number of employees and operate in a wide range of areas. There is plenty of scope for efficiency through internal operations.

The total value of the various segments of the bar industry is fixed, but their growth will remain stable for the foreseeable future. Even though some large leading companies have invested in the industry because they see a good future for it, they have not adapted in their operations for many years due to the nature of the bar industry channel and are still unable to familiarise themselves and establish effective systems to exert external forces, which had little impact on the initial market leaders. However, in recent years, with the advancement of technology and the rise of smart technologies, the industry boundaries of the bar industry have been broken down, waving love at traditional downstream manufacturers with its endless potential and appeal.

The specificity of the market channel leads to average margins in the bar sector and it is difficult to obtain premium prices for quality products. In general, they are only concerned with the current amount of investment and less about the reliability of future product development. As a result, they tend to win bids at the lowest price and the law of value is largely distorted. Many companies in the bar industry compete at low prices, leading to severe competition within the industry.

Costs

Input budget

Venue decoration: [including design, benches, and lighting, lighting and sound, air conditioning, fire protection, etc.] approx. 2.5 million Lighting and sound

Start-up costs: [including licence, clothing, production equipment, utensils, initial staff costs, rented accommodation, etc.] approx. 200,000

Financial projections

Sources of funding and description of use

The initial establishment of the enterprise requires a total of RMB 3 million, of which RMB 4 million is invested in fixed assets, mainly for business start-up, decoration, etc., and RMB 200,000 in working capital, for commodity procurement, personnel wages, utilities, etc.

Capital structure and distribution of earnings: the enterprise has a registered capital of 200,000 yuan, of which 20% is for the management, 30% for the bank loan and 50% for the investor. No profit is distributed in the first two years of the enterprise and from the third year onwards 40% of the net profit is distributed.

9.2 Table of assumptions

The business is primarily a merchandise seller and also provides business services such as films and events, which for convenience are calculated at a flat rate of 6% VAT. The enterprise is based on a ten-year operating period and fixed assets have no residual value at the end of the period and are depreciated on a straight-line basis.

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