

# MOBILE O2O PLATFORM

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## ABSTRACT

Different from the traditional "electronic shopping center + logistics delivery" model, this paper proposes a new solution of "online shopping + experience + shopping sharing" based on mobile o2o platform. By placing an order through mobile terminal, completing online payment, and then trying to buy goods in physical stores, consumers can share their shopping experience after purchase, and it can be used as a reference for consumers to order orders. In the form of a closed-loop shopping experience. This model is particularly suitable for these consumers who need products and services that require an offline experience.

This paper presents a comprehensive analysis of the O2O mobile platform in terms of strategic analysis, marketing, human resources, financial analysis, and risk analysis. From the perspective of environment and other macro analysis, the industry and environmental platform, competitive environment and its own conditions are analyzed, and finally the SWOT analysis model is used to determine the "centralization" strategic direction and "differentiation" model platform marketing.

This is an important business plan to explore the mobile Internet era, mobile O2O application profitability and business models.

**Key Words :** Mobile O2O; Business Plan ; Profit Model ; Operating Model

## Section 1: Executive Summary

section 1: Executive Summary. Each part of this thesis is briefly described in terms of research content and research methodology.

section 2: Industry Analysis. Analysis of the platform industry structure, success factors and other industry behaviors.

section 3: Company description. The overall project background is introduced, the overall project idea and the project functional modules are introduced, and the company's legal status and legal issues are analyzed.

section 4: Market Analysis. Analysis of platform purchaser behavior as well as competitors.

section 5: The Economics of Business. Identify market positioning through market segmentation analysis; identify the appropriate marketing and strategic mix for the project through analysis.

section 6: Marketing Plan. Marketing plan, pricing strategy, sales process and promotional activities are analyzed.

section 7: Design and Development Plan. Analysis of development status and tasks, etc.

Section 8: Management team and company structure. An analysis of the management team and the company structure.

Section 9: Financial Analysis. By budgeting for software development, hardware investment, and personnel requirements; financial indicators such as payback period, net present value, and internal rate of return are comprehensively evaluated.

## 2. Industry Analysis

### 2.1 Industry size, growth rate and sales forecast

As of June 2022, the national e-commerce transaction value reached 14.52 trillion yuan, up 23.3% year-on-year according to 2021. Among them, the transaction value of B2B reached \$14.5 trillion, up 14.26% year-on-year in 2021. The size of the retail network reached \$876.2 billion, up 32.6% year-on-year in 2021. Chinese Internet users spent \$894 million, with 37.25 million new users. The Internet penetration rate was 56.2%, an increase of about 5% from the end of 2021. Of this, net user purchases reached \$277 million.

The emergence of O2O mobile platforms has brought hope to traditional companies using online resources, which are gradually recognized and gaining favor and recognition.

### 2.2 Industry Trends (Industry Environment)

#### Political Factors

- 1、 the country has introduced various measures to coordinate planning
- 2、 Relevant documents have been issued to regulate network development and information security.,
- 3、 Strengthen the regulation of mobile network environment.
- 4、 the “12th Five-Year Plan” development plan pointed out that to accelerate the construction of mobile networks。

#### Economic Factors

1、 China has become the second largest economy in the world, and the economic development has spurred the development of mobile Internet. The mobile users are showing rapid growth.

2、 information consumption continues to grow, with an average annual growth rate of more than 20% the rapid growth of the mobile shopping market

#### Sociocultural Factors

- 1、 the proportion of Android users in third- and fourth-tier cities and rural areas reached 45%。
- 2、 Users rely more and more on mobile Internet.

### 2.3 Long-term industry outlook

Low threshold: 0 base, 0 guarantee money, free move-in.

High income: high unit price of platform products, strong customer spending power and substantial product profits.

small risk: the platform promotes the boutique explosion model, no hoarding.

No promotion: no need to spend money on promotion, saving a large amount of promotion fees.

## 3. Company description

### 3.1 Introduction of tasks and company products

This product uses **Chuck Martin’s mobile shopping lifecycle theory** to help businesses by integrating mainstream social media, e-commerce and, mobile through global integration QR codes and other tools.

After six phases of integrated solution delivery, we open multiple online and offline channels for consumers and entrepreneurs to pre-purchase, shop, decide and buy. In the pre-purchase stage, we can provide functions to search for relevant information from relevant products in business units or interest groups, search for information about promotional products or private sales near the infoshop, evaluate products and scores, product prices, inventory, recommendations of relevant products, and reservations. Transit users have decided to buy, you can choose to place an order online, or go to a physical store, navigation systems integrate maps and provide management to continue scoring based on the recommended geographic information signature\*

### **3.2 Legal status and ownership of the company**

#### **1. the company's legal status**

the company has independent legal personality, with its entire property to the company's debt responsibility. The branch company does not have the qualification of enterprise legal person, its civil liability is borne by the head office; the subsidiary company has the qualification of enterprise legal person, independently bear civil liability according to law.

#### **2. The legal basis of the company.**

According to Article 3 of the Company Law of China, a company is an enterprise legal person with independent legal person property and enjoys legal person property rights. The company is liable for the debts of the company with its entire property. The shareholders of a limited liability company are liable to the company to the extent of their capital contribution; the shareholders of a joint stock company are liable to the company to the extent of their subscribed shares.

## **4. Market analysis**

### **4.1 Market segmentation and market selection**

Market Positioning Platform: Integrating mainstream social media and e-commerce, small and medium-sized shoe and apparel companies, offering easy-to-use products and taking advantage of resource integration platforms to provide assistance[38]. In terms of hygiene facilities, the company combines quality products and attractive prices with its own real potential products to replicate the platform and enhance the role of information to create a brand that is popularly acclaimed and improve stickiness. At the same time, consumers can get tangible benefits through coupons and points.

Market competition website: Nowadays, the O2O mobile market is very competitive. On the one hand, Pat, an Internet giant, has invested a lot of money to establish its own environment; on the other hand, traditional companies such as Suning, Haier and Wanda have also given full play to their indirect advantages in the O2O field[40]. At present, mainstream electronic platforms are also increasing their investment in O2O. At present, most of the investment is still focused on local life. (food and beverage, tourism, entertainment, etc.), retail, etc. This is another strange platform to avoid aggressive competition with Big Brother and make full use of Big Brother's Internet to build O2O. ecosystem (WeChat, Alibaba, etc.) There is an opportunity to rely on the ecosystem to help traditional enterprises communicate and transform and help them build their own competitive O2O media.

Consumer website: Through early market analysis, the target customer group platform is widely accepted by young and old people for Internet and mobile Internet. Outdoor products, cosmetics and personal products, IT, mother and child, cell phone bill recharge and other categories have a high degree of acceptance. Cell phone bill recharge is a virtual product, which is not suitable for O2O. IT and 3C industries are highly concentrated, basically concentrated in the hands of a few large brands, which are also not suitable for the platform. As large brand companies generally have the ability to invest in independent research and development, they generally do not choose platform type products, so the platform is more inclined to work with the industry concentration is not high, and for the industry there are many small and medium-sized enterprises in the footwear industry as the main battle field.

### **4.2 Competitor Analysis**

The competitive environment of the platform is analyzed according to Michael Porter's (Michael Porter) five forces model. Bargaining power of suppliers, bargaining power of buyers, ability of potential competitors to enter, ability of substitutes to substitute, and ability of competitors in the industry to compete now.

#### **(1) Competition in existing industries**

The operating model of this platform is not competitive with that of the Internet giants, but rather helps companies how to better utilise the ecosystem and provide convenient services for marketing, sales and after-sales. Platforms similar to this product are more dedicated to the local lifestyle category, such as tourism, catering, entertainment and other industries.

#### **4.3 There are no competitors with very clear advantages in the niche services for traditional companies.**

##### (2) Threat of potential entrants

O2O can be said to be the last blue ocean of e-commerce, so there are many companies who want to enter this industry. With the recognition of O2O mode by users and enterprises, enterprises will increase their investment in O2O and may build their own platform similar to the platform. And because of the low threshold, there are few entrants. It is necessary to accumulate competitive advantage in a certain segment.

##### (3) The threat of substitutes

As O2O is a new industry, it has emerged along with social development and technological development. Traditional channels and e-commerce can be used as substitutes in one way or another. Although traditional channels and e-commerce channels are still the mainstream of business, they cannot stop the development of mobile O2O. Mobile O2O has a strong vitality and the threat of substitutes is low.[47] .

#### **4.4 Market Environment Analysis**

##### Strength.

Potential partners have proven experience in the industry and the resources of more than 1,000 clients familiar with all areas of the sector

##### Weakness (weakness).

- 1) The platform is not well known
- 2) Immaturity of user products
- 3) Immature operation team

##### Opportunity.

- 1) Rapid development of China's local life service e-commerce industry
- 2) The popularity of the Internet to second- and third-tier cities

##### Threat.

- 1) aggressive
- 2) competition with large platforms

## **5. Economics of Business**

### **5.1 Revenue Drivers and Margins**

(1) Traditional merchandising revenue, such as revenue from web links: revenue = sales volume \* unit price. The growth of revenue is also driven by nothing more than the growth of sales volume or/and unit price. The focus here is on two points, exponential growth in sales volume and steady growth in unit price.

(2) Service revenue, such as Wal-Mart's third-party platform service revenue, Poly Property's property service revenue, Byte's advertising revenue, Drip's taxi service revenue, Apple's subscription revenue, etc. The service revenue model is relatively diverse and complex, but it can be simply divided into transaction-based service revenue, SAAS-type service revenue and one-time service revenue.

## 6. Marketing Plan

### 6.1 Sales process and mix of promotional activities

Targeting different groups of people: the footwear industry is an industry that requires a high degree of positioning accuracy. People are often "judged by their appearance". Clothes directly influence the first impression of others. It can be said that shoes and clothes play an important role in people's lives. They can be divided into the following categories of clothing groups.

- (1) 0-4 years old.
- (2) 5-16 years old.
- (3) 17-19 years old.
- (4) 20-25 years old.
- (5) 26-30 years old.
- (6) 31-40 years old.
- (7) 40-60 years old.
- (8) Over 60 years old.
- (9) Special body clothing market.

Through the above analysis, the platform mainly serves footwear and apparel companies: children's wear, small and medium-sized footwear and apparel companies positioned in the 20-30 age group, and small and medium-sized enterprises positioned in special body wear[69].

### 6.3 Distribution and sales

Through **large platforms**, such as data processing platforms and specialist platforms.

Leverage **social media platforms** to think about what users want and work to achieve it.

Through **the company's online channels and online business entities**, and **even integrated e-commerce**. The goal is to close the loop and thus boost sales throughout the business. Improving the efficiency of the entire range, rather than individual channels. Strengthen the service platform and work towards achieving a marketing reputation in the footwear industry.

### 6.5 Product sales strategy

#### 1、 Price Strategy

small and medium-sized apparel enterprises

the price should not be too high

#### 2、 Channel strategy

With the help of mainstream e-commerce platforms and social media

Through the large platform for the platform to attract traffic

#### 3、 Promotion strategy

for the small merchants suitable for the platform can take a reduced service fee or free strategy

## 7. Business and production planning

### 7.1 Operational Strategy and Plan

4、 focuses on the construction of platform products, mainly on smooth processes, stable operation and being able to support the core functions of customers.

5、 At the more mature stage of platform operation, the agency operation service will be launched.

## 8. Team management and company structure

### 8.1 Management Team

In the initial stage, the main work was focused on IT and marketing, as there was no customer and platform operation data in the early stage, it was not suitable to establish an operation department. Two partners co-funded the project and were responsible for IT and marketing respectively.

Table 8-1 HR needs and cost forecast

Department	Manager	Staff	Manager Monthly Salary	Staff Monthly Salary
IT	1	2	12000	7000
Marketing Department	1	3	12000	7000
Other Departments	1	3	12000	7000
Cost			36000	21000

## 9. Financial Forecast

### 9.1 Table of assumptions

Table 9-1 Estimated capital investment of the platform (unit: RMB)

Serial number	Fee Name	Annual input	Percentage of total investment
1	Hardware and Network	15000	3.32%
2	Platform product development	120000	31.24%
3	Office space rental	72000	12.51%
4	Liquidity	150000	74.81%

Note:

Hardware and network, rental cloud platform cost Host + network (5M) = 15000 RMB;

Platform development costs: mainly the core entrepreneurial team + two part-time

Office rental expenses = RMB4,000/month \* 13 months = RMB72,000;

Working capital: marketing and promotion, day-to-day operating and management costs estimated at RMB150,000.

### 9.2 Pro forma financial statements

Table 9-2 2022-2026 Pro forma financial statements (Unit: RMB)

Serial number	Fee Name	2022	2023	2024	2025	2026
1	Platform construction and operation	120000	50,000	200000	50,000	50,000
2	Office rental expenses	36000	36000	60000	60000	60000
3	Liquidity	200000				

1. In the third year, according to the change of marketing strategy and the accumulation of users, the platform needs to be upgraded on a larger scale, which is expected to require an additional investment of RMB150,000;

2. The promotion is expected to lead to a surge in the number of users in 2020, requiring increased investment in servers and bandwidth for the platform, with lease expenses expected to grow to 50,000;

3. For office space, the expected doubling of staff in the third year and an increase of more than 100% in rented space will result in a 100% increase in rent (the unit price of rent remains unchanged)

Table 9-3 Platform revenue budget (Unit: RMB)

Serial number	Indicators	2022	2023	2024	2025	2026
1	Earnings	400000	1,000,000	3500000	4392448	7168000
1.1	Registered Business Customer Growth Rate	0	1	0.7	0.6	0.25

Serial number	Indicators	2022	2023	2024	2025	2026
1.2	Registered Business Users	4	10	35	40	60
1.3	Platform Service Fees	400000	1,000,000	3500000	4000000	6000000
1.4	Per capita consumption	20	30	35	42	50
1.5	Register as an individual user	3000	8000	20000	40000	100000
1.6	Order Conversion Rate	0.025	0.03	0.032	0.032	0.032
1.7	Trading commission percentage				0.05	0.05
1.8	Trading commission income	-	-			
1.9	Sales	547500	2628000	8176000	19622400	58400000
1.10	Sales growth rate		380%	211%	140%	197.625
2	Taxes					
2.1	Sales tax (calculated at 4%)	16000	40000	14000	175697.92	2826720
2.2	Urban construction tax (7%)	28000	70,000	245000	307471.36	501760
2.3	Education surcharge (3%)	12000	30,000	105000	131773.44	215040
3	Actual earnings	344000	860000	3010000	3777505.28	6164480

Notes:

In the first year, because the platform is not perfect, there are not many enterprises, the first registered members are mainly imported by enterprise quality customers, the first year efforts to reach the scale of 4500 registered users, is expected to reach more than 20W in 2022;

② Order conversion rate, mainly depends on the platform registered users really purchase proportion, that is, the number of daily purchases accounted for the proportion of the number of registered platform; reference to industry data, the conversion rate to achieve more than 6% in five years;

③ Per capita consumption, i.e., the amount of the purchase of the platform products per person per day in the purchasing population, is \$35 and \$37 in 2018 and 2019 respectively, and from the third year onwards, as the user base increases and the acceptance level becomes higher, the amount of products purchased per person per day is \$42 in the third year, and increases by 3% in the fourth and fifth years;

④ In the first five years, we adopted the strategy of focusing on service, not greedy for more, and registered 50 business users to provide detailed and considerate personal service;

⑤ The platform is a software enterprise and enjoys a certain discount, calculated at 4% of the sales tax;

The estimated balance sheet of the platform is as follows:

Projects	2022	2023	2024	2025	2026	2027
Assets	450000	600000	650000	720000	730000	74000
1、 Current assets						
Cash	250,000	250,000	260000	280000	310000	370000
Accounts Receivable	40000	50,000	70,000	85000	80000	95000
Inventory						
Subtotal	290000	300000	330000	365000	400000	465000

<b>Projects</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
2、Fixed assets						
3. Intangible liabilities	100000	100000	300000	200000	800000	850000
II. Liabilities						
1. Current liabilities						
2. Long-term liabilities						
Total liabilities						
III. Owner's income	360000	415000	350000	470000	390000	560000
Undistributed earnings		50,000				60,000
Total Owner's Equity	360000	465000	350000	470000	390000	620000
Total liabilities and owner's equity	650000	765000	670000	835000	790000	1850000

Note: ① The platform is an asset-light company, with hardware resources leased in the early stage and no shareholders' assets;

② No bank loans and therefore no long-term liabilities;

③ No profit in the first year, full retention in the second year, and 30% in the third to fifth years;

④ Intangible assets mainly refer to the brand value of the platform and its market value ;

#### 9.4 Projected Cash Flow

<b>Projects</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
I. Cash flows from operating activities					
Subtotal cash inflow	500000	620000	500000	398000	540000
Subtotal cash outflow	748100	750,000	380000	310000	370000
Net cash flow from operating activities	-248100	-130000	880000	808000	910000
II. Cash flows from investing activities					
Subtotal cash inflow					
Subtotal cash outflow					
Net cash flows from investing activities					
III. Cash flows from preparatory activities					
Subtotal cash inflow					
Subtotal cash outflow					
Net cash flows from financing activities					
IV. Impact of exchange rate changes on cash					
V. Net increase in cash and cash equivalents					