



CXIANG HOT POT

BY

YINYAN FANG

AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENT FOR THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION (INTERNATIONAL PROGRAM)

SOUTHEAST ASIA UNIVERSITY

ACADEMIC YEAR 2022

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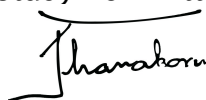
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Abstract

Is the most promising in the field of commercial investment projects, food is the food and beverage industry, the hot pot is one of the most has the investment potential of the project, as we have a business plan about the incense pot sichuan chengdu, the main advantage of hotpot brand investment, analyzes in detail the hotpot brand step by step, how to start from small store, to implement the marketing strategy, Set up a Sichuan and even the national reputation of the business model, and the development of today's performance. Specifically divided into ten parts, from the company's introduction, development history, product features and service forms, industry status, trends, marketing channels, and product development and design, financial analysis and other overall interpretation of the hot pot brand of commercial management. With the same industry replicability. Has the reference experience to the person who has the investment intention.

Keywords: Business plan, CXiang Hot Pot, market situation, marketing strategy.

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Table of Contents

Abstract.....	IV
Acknowledgement.....	V
Table of Contents.....	VI
Section 1 Executive Summary.....	1
Section 2 Company Description.....	3
Section 3 Industry Analysis.....	9
Section 4 Marketing Plan	17
Section 5 Management Team and Company Structure	24
Section 6 Operations and Production Plan.....	30
Section 7 Financial Projections.....	39
References.....	52
Biography	53

Section 1

Executive Summary

1.1 Overview

This business plan name: CXiang Hot Pot Restaurant, Operating unit: Chuanxiang
Operating location: Chengdu, Registered capital: 5 million, Investment amount: 5 million, Annual turnover: 8 million, Investment source: self-financing + loans

1.2 The original reason and significance of the investment project

1.2.1 Advantages of investing in catering industry

In the trend of wave economy, the choice of investment projects should be strong inevitability of consumption, large market share, high return, small risk as the key entrance, and in many investment projects, the catering industry is never lack of market chosen, as long as the catering project has a characteristic flavor, it is bound to attract people to spend, as long as the taste is one in a million will certainly be able to grab the consumer's pocket for a long time.

1.2.2 The best projects in the catering industry to hot pot as the first choice

(1) The taste of hot pot is incomparable to other traditional diets. Its rich selection of ingredients, the flavor of the ingredients are all inclusive, seasoning covers all the flavors of the world, making the taste extraordinarily rich, whether it is like light, or like spicy, or vegetarians, meat lovers, or connoisseurs of color and flavor, in the hot pot restaurant can be satisfied.

(2) The hot pot has a variety of ways to eat, adding to the lively atmosphere and increasing the participation of diners. Generally, take the dish semi-self-service mode, increasing the initiative of each person.

(3) The consumption price of hot pot is more affordable, and most of the public can accept it. Its price both per capita tens of yuan stores, but also hundreds of dollars of consumption, whether it is to invite guests to dinner, or a small gathering of friends, can not only do not lose face and can satisfy the appetite, while achieving the social utility.

(4) The business benefits of hot pot restaurants are significantly higher than other types of food and beverage, the development of hot pot in various cities across the country is visible to the naked eye, looking at the food and beverage market, well-known hot pot brands abound, this is a mature and perfect industry, the business environment is good.

(5) The operation of hot pot restaurants is not restricted by seasonality. Its four seasons are available, there is no off-peak season, which does not affect the revenue. In no season, if you want to eat, whether it is a cold winter, or hot summer, there are reasons to go to the hot pot restaurant consumption, hot pot restaurant business has always been better, will not be cold.

1.3 Economic return

No.	Project name	Unit	Quantity	Remarks
I	Total investment of the project	RMB RMB	500,000	
II	Average annual sal revenue	million yuan	800	
III	Average annual total cost and expense	million Yuan	511.13	
IV	Average annual total profit of	RMB	238.87 million	
V	Average annual sales tax and surcharge	RMB	50000	
VI	Average annual value-added tax of	RMB	55.91million	
VII	Financial analysis profitability indicators			
1	Financial internal rate of return	%	32	before tax
2	Investment payback period	years	1.28	Before tax

Section 2

Company Introduction

2.1 Company history

Xiang hot pot from the hot pot culture heritage under the localization of business representatives, the so-called hot pot, trace the origin, it is the birth of all hot pot restaurants under the cultural history of the origin of the sign. Legend has it that hot pot originated from the Three Kingdoms or the period of Emperor Yang of Sui, when the copper tripod used was the predecessor of hot pot, and another saying is that it began in the Eastern Han Dynasty, when the "bucket" excavated was the prototype of hot pot. It was especially popular during the Yuan Dynasty and spread to Mongolia, where it is now known as "shabu-shabu". Hot pot culture has a long history, using a variety of appliances, using fire to boil water-like soup, scalding food, timely cooking, eating now, hot, a variety of flavors, food is not limited, especially in the cold season, popular among the public.

Xiang Hot Pot is one of the many hot pot brands with unique characteristics. It was born in 2001 as a chain brand store operating mainly Sichuan hot pot. It started from a small unknown hot pot store, and after 20 years 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. Sichuan 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.

Today, Chuanxiang Hot Pot has more than 70 directly-managed stores from

Sichuan to the whole country, 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.

2.2 Mission Statement

Integrity -- To achieve integrity in all stages of ingredient selection, cooking, and operation, never using ingredients that are not fresh, and never using substandard ingredients in any part of the process to ensure that consumers can eat with confidence and get an honest food experience.

To create the industry's first-class -- to create the industry's pioneer model is one of the company's mission purposes, the company is determined to be the best quality hot pot restaurant industry head brand, become the industry's model and standard.

Dare to be the first in the world -- Dare to be the first in the world is the source of business success, the company advocates that all employees should dare to learn, dare to practice innovation. To learn and adapt in the changing market environment of the catering industry, to generate and develop in the adaptation, and to continuously innovate and develop in the hot pot industry.

Advancement, common prosperity and sharing - through communication, coordination, cooperation, creating a fair and just good corporate business environment, building a corporate culture of knowledge and action, forming a situation of unity of mind and unity of pace, integrating industry resources and achieving a greater win-win situation.

2.3 Products and Services

2.3.1 Fresh and appetizing hot pot products.

Our company adopts the best hot pot dishes raw materials and obtains the hot pot products and services with good reputation through the exclusive developed cooking technology, specifically, reflected in the following aspects.

(1) fresh flavor and beauty: under the action of fire, the hot pot in the exclusive secret soup brine base is in a rolling boiling state, the soup brine modulation is very delicate, containing a variety of glutamic acid and nucleic acid in the soup brine interaction, resulting in a very attractive fresh flavor, and can be spicy red pot can be fresh white pot or mandarin duck pot; air transport to the store fresh dishes into the pot, eaters while hot, the combination of heat and taste, "a hot when the fresh"; coupled with the choice of The best seasoning: ginger, onion and garlic, special oil sauce, selected oil and so on, dipped in the taste dish, really fresh on top of fresh, endless aftertaste.

(2) Popular taste: Diversification in variety and flavor can meet the needs of different diners; coupled with dozens of different taste elements of the deployment of taste plates, its adaptability is more extensive, suitable for the popular taste.

(3) wider range of materials: the traditional Maw Maw hot pot "beef" to today's birds, animals, mountains, seafood and other raw materials to increase the variety of the restaurant can be said to be countless; in a word, all the food can be eaten in the hot pot cooked or hot food.

(4) Fine production: from the selection of seasoning must be excellent, the boiling of soup, processing of raw materials, taste plates, the placement of dishes, the art of hot food are very delicate and reasonable.

(5) casual and convenient: the joy of hot pot, is the interest, friends and family, guests and companions, around the hot pot, while cooking and hot, while eating and chatting, can be rich and frugal, its joy, as the Qing Dynasty poet Yan Chen wrote "around the stove to gather and drink cheers, a hundred flavors melted in a small kettle.

(6) nourish the body and strengthen the body: because of the role of the material, it is very beneficial to the body. If you eat a lot of sweat, for the treatment of colds have certain curative effect, can dispel rheumatism, especially the food containing high nutrition. Such as: fish head, turtle, etc., and eating medicinal hot pot, for health care and strengthening, to assist in the treatment of certain diseases also have a certain role.

2.3.2 Humane and considerate store service

From the moment a guest enters the door with a seat, order, send food, guide eating, finishing, checkout to send customers, etc., nothing can be sloppy, good store service is an important factor to enhance the customer hot pot experience. The most special part of our restaurant service is the guided eating. Since diners are easily dazzled when choosing from a wide variety of recipes, and the most attractive features of each hot pot restaurant are different, there are new ways to eat. This makes it easier for customers to eat hot pot food while deepening their impression of this hot pot restaurant.

2.4 Current status of the company

Since its establishment, the company has achieved remarkable results from the initial creation of new hot pot base cooking technology, the establishment of hot pot stores, and then, after 20 years of operation and expansion, the establishment of a sound hot pot restaurant production and service process system, including talent training, employee innovation projects, the implementation of safety work and the expansion of offline stores.

The financial report released in 2019 shows that the first half of the enterprise revenue 126 million, an increase of 59.2%, operating profit of 6002.56 million, an increase of 40.89%, the opening of 38 new stores, store overview to 59. 2020 in the first half of the year to achieve revenue of 7009.28 million, down 82% year-on-year, affected by the epidemic, the first loss. 2022 in the first half of the year Operating income declined 17%, with a maximum net profit loss of 30.98 million.

Currently, affected by the impact on offline stores under the latest epidemic prevention and control policy, hot pot restaurants are also undergoing corresponding transformation, especially since this year, the hot pot online business has been greatly expanded, including Internet diversion, takeaway business, and separate sales of supporting products such as base, with an average monthly production volume of 100,000 pieces of products and monthly sales revenue of 3 million yuan. A total of more than 70 partners have been established nationwide, of which 10% are high-quality partners with monthly sales of more than 300,000.

2.5 Legal Status and Ownership

Shareholders	Amount of capital contribution (million)	Share of capital contribution (%)
Mr.li	3600	30
Mr.Wang	2700	22.5
Mr.Wu	1440	12
Lady.Zhang	1320	11
Lady.Liu	1200	10
Mr.He	1200	10
Mr.Ma	540	4.5
Cumulative	12000	100

2.6 Company name selection

"As an emerging modern hot pot company, the reason for choosing these two words as the name of the company is to bring the hot pot back to its origin and bring consumers the most enjoyable hot pot experience with the purest flavor.

2.7 The primary consideration for naming the company.

Company Vision: To become a first-class hot pot culture enterprise in China and strive to become an excellent platform for the culture of China's hot pot industry.

Company Mission: To deliver the taste of pure hot pot with love and positively influence every person around CXiang Hot Pot.

The company's core values: unity and cohesion, forging ahead, and selfless dedication to dare to be the first.

2.8 Legal issues

1. company patent rights (need to confirm the validity and exclusivity of each of the company's applied for cooking and secret spice patents).
2. the validity of the business license and the original ID cards of all shareholders (to confirm the validity of the business license as well as the original ID cards of all

shareholders affecting the retention within the company's archives).

3. the ratio of capital contribution of all shareholders (reasonable arrangement of the company's shareholders' shares, the appointment of management and operational requirements)

4. the scope of the company's business (the company's food business part of the business may involve the need to confirm the relevant qualifications or licenses)

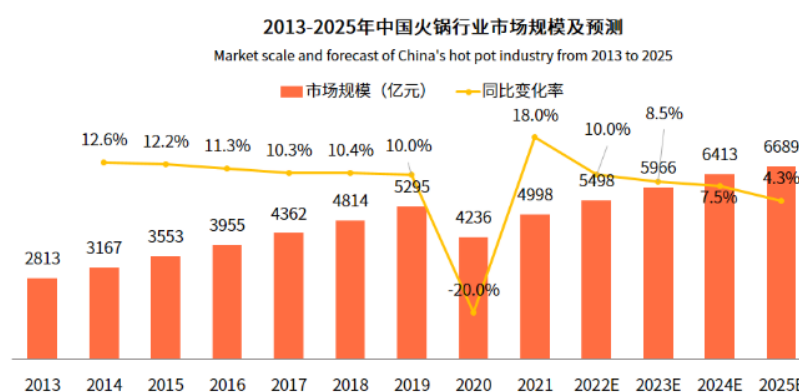
5. legal proceedings (the actual operation of the company needs to pay attention to public opinion and legal proceedings and other related negative impacts)

Section 3

Industry Analysis

3.1 Industry scale, growth rate and sales forecast

Data show that the market size of China's hot pot industry reached 499.8 billion yuan in 2021 and is expected to reach 668.9 billion yuan in 2025. Except for 2020, the market size of the hot pot industry has been maintaining a growth trend. Compared with other catering industries, the hot pot catering industry is easier to achieve scale and standardization.



数据来源: 艾媒数据中心 (data.iimedia.cn)

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With the increase in the income level of China's residents and the rise in demand for food consumption, China's hot pot industry has broad prospects for development. According to Sullivan data, it is expected that the market size of the industry in China will reach 850.1 billion yuan by 2025.

图表 16：2021-2025年中国火锅行业市场规模预测(单位：亿元)



资料来源：Frost Sullivan 前瞻产业研究院整理

@前瞻经济学人APP

3.2 Industry characteristics

(1) The industry continues to develop steadily and the strength of enterprises continues to grow

In recent years, the hot pot industry has seized the opportunities reflected by online and offline chains, pioneered innovative development and made remarkable achievements, and the rapid development of the hot pot industry has attracted the attention of the whole society. The new hot pot enterprises represented by Haidilao, Lao Wang, Chongqing Liu Yi, Qin Ma, etc., have forged ahead and emerged as a force to be reckoned with. The pace of hot pot business chain gradually accelerated, the number of chain stores outlets is increasing, the chain business area is also increasingly expanding, the scale and strength of enterprises continue to strengthen, well-known brands continue to emerge, the number of companies entering the annual top 100 list of the catering industry is increasing, the rapid development of the national catering industry has played a huge role in promoting and facilitating.

(2) Business classification continues to refine

Each has its own strengths After decades of development, the division of hot pot

has become more refined. According to the geographical and flavor school to divide, traditional hot pot can be divided into the southern and northern schools of the two major systems. The southern school is represented by Sichuan and Chongqing spicy hot pot, the northern school is represented by Beijing and Inner Mongolia's clear soup shabu shabu hot pot, and other areas such as Jiangsu and Zhejiang's chrysanthemum hot pot and one-of-a-kind pot, Guangdong's hot pot with a side dish and congee base, Yunnan and Guizhou's sour soup hot pot and mushroom hot pot, as well as emerging seafood hot pot and douluo hot pot. According to the business model, it can be divided into traditional hot pot, fashion hot pot, casual and convenient hot pot, and high-grade boutique hot pot. According to taste, there are spicy hot pot, clear soup hot pot, sour soup hot pot, and mandarin duck (multi-flavored) hot pot. Divided by shabu-shabu, there are mutton, fatty beef, fish, chicken, mushroom hot pot, etc. According to the division of the heat source used, there are charcoal hot pot, electric hot pot, gas pot, electromagnetic pot, etc. With the increasingly extensive exchange and borrowing from the catering industry, the flavor differences between the various schools of hot pot have gradually faded and become more and more widely adapted. Hot pot has developed to today, has gone far beyond the previous concept, can meet the different consumer needs of customers. With the development of the hot pot industry, some companies continue to innovate new hot pot categories according to their own characteristics, harvesting a place for themselves in the Chinese hot pot industry.

(3) Prevalence of national chain operation

Directly become the industry's new dominant hot pot chain operation has been an important method of hot pot business development, Inner Mongolia Little Sheep, Little Tail Sheep and Chongqing De Zhuang, Qin Ma and other well-known enterprises before 2005, the proportion of franchised stores are more than 95%. However, although this way of franchise business promotion has brought the benefits of rapid brand expansion and capital accumulation, but due to the varying levels of management of franchises, the quality of dishes vary, coupled with the headquarters of the franchise control management can not keep up, resulting in a

major loss of brand image. In order to maintain the hard-earned brand image, the brand hot pot enterprises represented by Little Sheep began to significantly reduce the number of franchises and increase the number of directly operated stores, completing the transformation from speed to height. Little Sheep's 2009 financial report shows that as of December 31, 2009, the number of self-owned restaurants owned by the company reached 161, while the number of franchised restaurants was 293. In recent years, the development of hot pot enterprises, such as gluttonous gluttony, under the sea, a well-known hot pot enterprises such as Huangzun cattle learned from the experience and lessons of peers, in order to maintain the brand image and their own interests, focus on the development of directly operated chain stores, strictly limit the franchise, declined many requests to join. At present, all 116 stores nationwide are directly operated stores: 40 stores nationwide are directly operated stores: 72 stores nationwide, 40 of which are directly operated stores.

3.3 Industry trends

1. Branding

Brand power is an extremely critical factor to attract consumers. As people's requirements for the dining environment, experience, service and other aspects of increasingly high, very colorful people like to choose to wood some fame, brand loud restaurant dining, both to enjoy a good dining body barge, but also eat assured that many hot pot enterprises can be successful, in addition to product power is very strong, brand power adjustable is one of the off de watermark brand has enough influence to determine the hot pot enterprise in the Whether the market competition can win, there is no brand power hot pot enterprises, it will eventually be difficult to change the fate of the market, eliminated by consumers.

2. characterization

With characteristics, there is more attractive. In the increasingly competitive, highly homogenized brands in the restaurant market, the more distinctive, the stronger the competitiveness of who. Characterized business has become a major means of attracting consumers to many catering enterprises. The business mode of specialty

catering will show a rapid development trend in the catering market around the world. Therefore, for hot pot enterprises, to create a personalized brand, highlighting the characteristics of the brand is very important.

3. scale

In the future development will form a number of large scale, strong chain hot pot enterprises. Hot pot production and processing links less, the unified configuration of the base and seasoning, to ensure product stability and consistency. At the same time, hot pot dishes are relatively simple, easy to copy, a higher degree of standardization, the headquarters is easier to store supervision and management, with the advantages of chain operations, so the franchise chain is still a good way to expand the hot pot business brand and capital accumulation.

4. green

"Green, low-carbon, energy-saving, environmental protection" is a major trend in the future development of society, with the smooth Chang, the rebellious to describe the theme of the future development of the times is not too much, the hot pot industry is only in line with this development trend to better survival and development. At present, some large hot pot chain companies with a sense of foresight have begun to establish their own green industrial base, from the source to control food safety issues.

5. Standardization

Chinese standardization is one of the future development directions of the Chinese catering industry, hot pot industry as a relatively simple business model in the catering industry, its standardization is easier to achieve. Of course, the hot pot industry still needs to do a lot of research work in the future to strengthen the standardization of business models, standardization of service specifications, standardization of food selection, standardization of product processing, standardization of utensils and pots, standardization of energy use, etc., and these are the keys to the standardization of the future hot pot industry.

6. Nutritionalization

"Nutrition, natural, healthy" is another development trend of the future hot pot industry. With the development of the social economy and the continuous

improvement of people's living standards, people's concept of food consumption is gradually changing. After solving the most basic survival conditions of food and clothing, people pay more and more attention to their own nutrition and health issues. The hot pot business is no longer just the brand, scale, but also the connotation of the products provided is not more nutritious, natural and healthy. Hot pot enterprises in the hot pot seasoning, hot pot base, processing and selection of raw materials dishes will pay more attention to nutritional balance and natural health issues.

7.Industrialization

Many hot pot chains have established central kitchens and logistics distribution stations, but often only the processing and packaging of the base and seasoning ingredients, processing varieties are not many, many still have to be completed individually in stores. With the increase in rent and labor costs, only the largest business area to get the most profit. Scientific, modern processing base and logistics distribution center is the indispensable heart part of the future hot pot business. These scientific and modern processing bases are then further combined with industrialization to package finished products of semi-finished net dishes, meat, pills, sliders, hot pot seasoning and hot pot base after processing. The use of cold chain preservation and distribution, combined with the unique brand of large chain hot pot enterprises will realize the industrialization of the hot pot industry.

8.Informationization

Informationization will be an important development trend in the future hot pot industry. The informationization of hot pot industry will effectively reduce the procurement cost of raw and auxiliary materials, labor cost and financial management cost. In addition, the use of a variety of information equipment for consumers to understand the dish information, order, order will be very convenient. A point that cannot be ignored is that information technology will play a vital role in the hot pot industry for new sales methods such as network group purchase and network marketing. With the substantial increase in the number of Internet users, the network has become one of the important means of promotion. People are searching for their favorite restaurants and cuisines through the Internet, and the

importance of network sales will become increasingly apparent.

3.4 Long-term trends

First, heterogeneity will become a long-term trend in the development of the hot pot restaurant industry. The hot pot track has entered a white-hot competition stage, and many hot pot caterers have a high degree of homogeneity among themselves and no longer have long-term competitiveness. Hot pot caterers should find their own positioning, occupy a niche category, or seek innovation in their operations, so that they can successfully "get out of the circle". Seeking heterogeneity will be the long-term trend of the hot pot catering industry.

Second, focus on health and safety and food quality management model is the trend of change is the brand positioning and business practices, the same is the pursuit of health and safety, service attitude and food quality. With the improvement of people's quality of life and income level, people will be more in pursuit of "quality" rather than "quantity" in food consumption. The future head of hot pot catering business will form a set of perfect hygiene, food quality and safety management system and service tracking system.

Again, catering to the needs of consumers is the only way to develop and innovate in the hot pot industry. In the past, most hot pot restaurant operations are still stuck in the way of improving the decoration of the store, inviting stars to the store to play cards and other ways to attract heat. These ways to hot pot restaurants to bring a momentary heat, but the external things cannot leave a far-reaching impression on consumers. Sichuan hot pot with "milk tea + hot pot" business model to win the favor of young consumers, hot pot takeaway, self-heating small hot pot to meet the needs of young consumers in different situations as much as possible to eat satisfactory hot pot. Times are changing, the pursuit of consumers in hot pot consumption has also changed, hot pot track on the enterprise should take the initiative to cater to the new hot pot consumption concept, make innovation, to seek better development.

Finally, China's hot pot industry will be a new industry, food safety, personalized, diversified development. In the future, hot pot takeaway, self-heating hot pot, hot

pot ingredients supermarket and other new formats will gradually emerge to meet consumers more hot pot consumption scenarios; in addition, with the increasing awareness of consumer food safety, food safety will become the primary concern of hot pot enterprises. At present, there are many enterprises in China's hot pot industry, the problem of homogenization is serious, the future of hot pot enterprises will develop towards personalized and diversified trends.

Section 4

Market Analysis

4.1 Market segmentation and target market selection and positioning

In the past, although the ancient hot pot originated in Sichuan and Chongqing and other places, the hot pot culture has a long history, and the earliest market of Chinese hot pot was centered on the southwest chili output area, slowly moving from the southwest to a broader market world, spreading the warm and cheerful atmosphere of hot pot chili to more provinces and cities in China, and gradually expanding the market from the southwest and south-central regions where chili is abundant to Guangdong. The market has gradually expanded from the chili-rich southwest and south-central regions to the developed coastal areas of Guangdong, which are famous for their seafood, and even to the cold and arid northern lands of Beijing and Inner Mongolia, where cattle and sheep are not abundant but the grasslands are magnificent, and the inherited process of brewing hot pot bases with the selection of local special ingredients has contributed to the characteristics of hot pot ingredients and materials with different local characteristics, resulting in the richness and tenderness of shabu-shabu lamb in the north, the Islamic halal in the northwest, and the spicy and fresh taste of Guizhou in Sichuan in the southwest. The geographical advantages of each hot pot include the spicy and fresh aroma of Guizhou in Southwest Sichuan, the dry and spicy chopped pepper of Hunan, and the fresh and beautiful soup of seafood in South Guangdong. Based in Chengdu, Sichuan, Sichuan Hot Pot has been attracting the local consumer market with its unique flavor since the beginning. The ingredients used are fresh dishes from all over China as the source and supply channel, and the superiority of local seasoning with different kinds of chili peppers, the hot pot base is unique, excellent, and rich and fragrant, which has a fatal attraction to the local area and the southwest region from the very beginning. The future target market should be centered on the southwest, spreading its fame, and setting up more branches and cooperating with more franchises in other northern eastern and coastal port areas of the country,

where it is difficult to see the lure of chili peppers, so that more customers from more market segments can flow in.

4.2 Buyer behavior

Generally attracted by the charm of hot pot unique soup pot dipping sauce, dishes, thousands of choices of consumer groups are mainly young people, young people, including college students, ordinary family members, people who have gone to work and need to entertain customers in the workplace, company employees and colleagues, as well as guests and friends in high positions of social elites, leaders at all levels, government officials, guests from all over the world and so on. Their purchase of hot pot dishes, consumption of hot pot behavior begins with the desire for food, the pursuit of happiness in life, the need for social interaction, the demand for contact with friends and relatives, the desire to treat social relations people, the necessary payment to close business deals, and the active participation in local consumer culture, as well as the expression of the vision of future career success under the expansion of contacts. Therefore, these purchasers' behaviors actually reflect the development of the food culture from the era of food for food to the era of focusing on the nutritional value and taste characteristics of food, favoring heavy flavors and relying on pleasant tastes.

4.3 Competitor Analysis

(1) Haidilao

Company: Haidilao International Holdings Limited

Headquarter address: Jinyang City, Sichuan Province

Registered capital: 10 million

Legal representative: Zhang Yong

Date of establishment: 1994

Introduction: Founded in 1994, the company is a large cross-provincial state-run hot pot brand with Sichuan-style hot pot as the main ingredient, supplemented by special hot pots from around the world. In recent years the market share share has grown substantially and is developing very rapidly. It is the first choice for most

current family dinners with friends. Its brand effect is great, the longest history, has been deeply rooted in the hearts of the people, is the largest domestic hot pot chain, domestic stores up to more than 1,500, but also in many overseas countries to open stores, and overseas consumption rate is stronger than the domestic, the group has consumption cohesion, although other hot pot restaurant brands also have the ambition to become bigger and stronger, but the current development situation still can not shake its king first boss position.

(2) gluttony gluttony

Affiliated company: Gluttony Gluttony Catering Management Co.

Headquarters address: Taiwan

Registered capital: 2 million

Legal representative: He Guangqi

Date of establishment: 1998

Introduction: Gluttony Gluttony is from Taiwan, established in 1998. At present, there are more than 400 directly operated branches in China. It is a small hot pot brand loved by consumers for its business model of combining bar and small hot pot. Its competitive point is the originality, small and fine dining mode, deeply like the young people, whether groups or individuals can, occupy a small area, the environment is fair, so that the consumption of customers immersed in the exclusive enjoyment, will not conflict with the surrounding atmosphere.

(3) Dezhuang Hot Pot

Company: Chongqing Dezhuang Industrial (Group) Co.

Headquarters address: Chongqing

Registered capital: 1 million

Legal representative: Li Dejian

Date of establishment: 1999

Introduction: Founded in 1999, the Group is a diversified modern private enterprise centered on Chongqing hot pot culture, and currently has more than 800 franchised stores in the country, the Group also owns the symbol of Chongqing hot pot, the symbol of De Zhuang hot pot. It plays the ancestor of Chongqing hot pot,

Chongqing, the authentic hot pot from the city's reputation to highlight the fame, although not as famous as the bottom of the sea, but the rapid expansion of the store, so that some small hot pot restaurant without a fight, and most consumers are rushing to the "Chongqing flag" and really a model of geographic nomenclature with fire.

(4) Dong Laishun

Affiliated company: Beijing Dong Lai Shun Group Co.

Headquarters address: Beijing

Date of Establishment: 1903

Introduction: Dong Lai Shun Shabu Shabu is a century-old dish, established in 1903. The taste is based on Islamic food culture, and we have made every effort to maintain the halal diet and innovate and develop delicious dishes with various varieties of shabu-shabu, fried, exploded and grilled series. The restaurant's business philosophy of combining with religious teachings has won the hearts of many people in the capital city, a cultural metropolis, and its ancient history, which is reflected in the background of the imperial capital, brings people a heavy cultural heritage.

(5) Fragrant World Hot Pot

Company: Sichuan Xiangtian World Restaurant Group

Headquarters address: Chengdu, Sichuan

Registered capital: 3 million

Legal representative: Zhu Xingquan

Date of establishment: 2003

Introduction: As the leader of Chengdu hot pot, Xiangtiantian Hot Pot has opened more than 600 branches worldwide, causing a wave of queues everywhere it goes, which shows its popularity. Not only that, but Huang Xiaoming, Li Bingbing and other big-name celebrities speak very highly of Xiangtian. This restaurant is known for its high popularity, and because of the publicity in place, opening up many channels of contact with the rich and famous, the hot pot taste is also not bad, so it is deeply appreciated by celebrities as well as stars, attracting the influx of social consumers to taste.

(6) Banu Maw Maw Hot Pot

Affiliated company: Banu Maw Maw Hot Pot Co.

Headquarters address: Zhengzhou, Henan Province

Registered capital: 1 million

Legal representative: Du Zhongbing

Date of establishment: 2001

Introduction : Banu Maw Hot Pot was established in 2001, and is the first company in China to use "papaya protease tenderization technology" to enhance the taste of maw and be loved by consumers. It is the pioneer of tripe hot pot. As this store on the meat dishes of freshness and taste has a unique innovative process, making it different from other stores, consumers have taste tempting attraction, so the business benefits are also long lasting.

(7) Xiaolongkan Old Hot Pot

Company : Chengdu Xiaolongkan Catering Co.

Headquarters address: Chengdu, Sichuan

Registered capital: 500,000

Date of establishment: 2014

Introduction: Xiaolongkan Old Hot Pot was introduced in Chengdu in 2014, and has developed very rapidly since its introduction, with more than 900 cooperative stores in Sichuan and southwest China so far. And lead the brand effect to spread in the country one after another. This hot pot store each store is not too big, but the package room, grid room still has, the dishes are all no less than the amount of large hot pot restaurant species, is the highlight of the development of the hot pot industry within the market, the operators are veterans of the hot pot industry, in the domestic market fled extremely fast.

(8) Little Sheep

Company: Yum China Holdings Limited

Headquarters address: Baotou City, Inner Mongolia

Registered capital: 2 million

Date of establishment: 1999

Introduction: Little Sheep Hot Pot is the first hot pot group to reform the way of eating shabu-shabu. The shabu-shabu without dipping in small ingredients has been recognized by many people so far. The brand's lamb is made from sheep raised in the natural, non-polluted Xilingole grassland, and the special pot base is simply a delicacy that people cannot refuse. Is the northern market stand out, and popular nationwide model of mutton hot pot, because the flag logo posted Inner Mongolia steppe fat sheep, aspiring to the northern booze, eat meat down those diners, can not resist the temptation of fatty, which will be the highlight of this store to attract people to spend.

(9) Shrimp Shabu Shabu

Company: Beijing Chopsticks Paradise Restaurant Management Co.

Headquarters address: Beijing

Registered capital: 1 million

Date of establishment: 2014

Introduction, shrimp eat shrimp shabu shabu shrimp hot pot has a different way of doing business from the traditional hot pot ingredients, instead using prawns as the pot base. It is very popular among young people. It was also selected as one of the top ten hot pot brands in China on July 2, 2019. Because the hot pot located in the prawn-based ingredients, with distinctive business characteristics, diners who are fond of eating shrimp will prefer this store consumption, its stores have a screening and personalized characteristic of the market, the market will do the diversion, but also the leader of the shrimp a family hot pot.

(10) Shu warrior

Affiliated company: Chengdu Shu Warrior Restaurant Management Co.

Headquarters address: Chengdu, Sichuan

Registered capital: 1 million

Legal representative: Jiang Man

Date of establishment: 2015

Introduction: Shu Warrior is mainly engaged in the research and development of traditional hot pot and join, it continues and adheres to the local Chengdu and even Sichuan hot pot with careful materials, from the hot pot to the pot base are

used in the original Chengdu local original. Not only the taste is very good, the decoration environment is very satisfactory. So very much by the mouth-watering Sichuan food diners around the country and and favor, repeat customers more.

4.4 Estimation of annual sales and market share

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, on the other hand, benefits 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 epidemic, and a basic recovery to pre-epidemic levels (4.7 trillion yuan) in 2021. China Chain Store Association predicts that the size of China's restaurant market will reach 6.6 trillion yuan in 2024.



China's F&B 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 3.9 trillion yuan to 7.6 trillion yuan from 2020-2025, mainly due to the increase in total economic volume, the increase in disposable income and the development of digital platform technology in the market. According to the data of Enterprise Cha Cha, China registered 3.167 million catering enterprises in 21 years, a record high since a decade.

Section 5

Marketing Plan

5.1 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.

5.2 Pricing strategy

(1) Membership card strategy

The membership cards of hot pot restaurants can be divided into two grades, one for ordinary users and one for gold cards. The design of ordinary cards should be simple and generous, while the design of gold cards should be noble and elegant to highlight the taste and status of cardholders. Ordinary cards and gold cards should be the same as the phone number, one for everyone, to have a number.

As for the issuance of gold card and ordinary card, the following ways are available: ordinary card for ordinary people who come to the store, everyone can be issued, but also in the store after spending a certain amount of products, the checkout randomly issued, as for the gold card should be in accordance with certain standards, through the channels of social relations to give away, the object of the gift is generally formal institutions, but also can be social celebrities. Provide the services they enjoy ordinary card complimentary dishes, gold card can be discounted consumption and provide elegant room services.

The purpose is: "to retain old customers and attract new customers".

(2) Combination sales strategy

General set menu does not only use set menu A, set menu B such a naming method, which is also a general store often have a set menu, can be a variety of dishes and specific pot base for reasonable collocation, a characteristic set menu

name, and set menu discount, so as to attract the attention of consumers.

The purpose is: firstly, it can lead consumers to pay attention to and remember the different dishes and new products of the restaurant and increase the degree of consumer interest; secondly, it can help consumers to match scientific and nutritious and healthy set meals and increase the good quality and image of the restaurant.

(3) Promotional activities strategy

The content of promotional discount activities can be through the distribution of flyers, but also TV advertising, if the store is located in the region, there are mainstream media, you can also use the mainstream media auxiliary publicity, such as by the flow of people concerned about the car body advertising, mobile network advertising, etc.

In addition, especially short videos have gradually become a way of recording life that the people like, not only children, young people or the elderly like short videos, so it is also possible to popularize the existence of the store through short videos and conduct appropriate publicity and marketing.

5.3 Sales process and promotional activities combination

5.3.1 Sales process

First of all, before conducting sales, do a good research and have an understanding of the market consumer psychology. From consumers with outward development of social activities, gatherings to attract friends, a wide range of banquet preferences, to passers-by, to pass through the streets of the public, to school students and teachers, from the needs of family members to go out to eat, as well as companies and enterprises to attract customers, the need for business entertainment, with a series of marketing sales approach to start the sales process from the starting point to the local and then to the details and strategic sales process.

Second, in the process of sales activities, take the industry's leading service model. It is to provide customers with thoughtful and patient value-added service content, such as when diners are waiting in line, to provide their free manicure, shoe, hand care services, send free drinks, snacks and fruit. Let customers feel at home and feel

that the queue is actually enjoying the value of consumption.

In addition, in the process of customer dining, by the waiter to provide guidance services, such as the pot dishes cooked to grasp the fire, recommended to customers special dishes, the introduction of what dishes are delicious, as well as when the guests ordered too much to remind their sense of conservation.

There is also concern for the various needs of customers in dining, such as taking the initiative to provide children's dining chairs for customers with children, take the initiative to add tea and water for customers, take the initiative to provide customers with paper towels, etc..

Finally, the customer dining out of the checkout, to meet the guests to take advantage of the psychology. For example, when a consumer is just seated, you recommend him to follow the public number, he thinks it is a sales pitch. But at the checkout, you tell him to follow the public number immediately enjoy the membership price, you are helping them to "take advantage of the bargain", in fact, is a kind of sales service.

5.3.2 Necessary means and activities for matching promotions.

(1) through the membership card, VIP card, gold card silver card to arouse the interest and attention of guests, through the distribution of discount flyers to various social flow channels, locking old customers, attracting new customers, lassoing social celebrities, and

(2) after the guests arrive at the store, the promotion of the latest dishes and color varieties, provide discounts, half-price, preferential activities to attract the guests' attention, retain the guests' footsteps, attract more new guests to stop and linger, so that sales activities are pushed widely, the flow of customers, a constant flow of customers, dazzling satisfaction and go, often review the visit, the market channel wide open into.

(3) guests have a number of dining volume and time to choose, for example, all dishes are available to call half, one to save will not cause waste and spend money on eating, the second half can be half-price options, so that guests have the freedom of dosage, more humane and convenient. In addition, students can get a 6.9% discount from Monday to Sunday, and the general public can get a 20%

discount from 14:00 to 17:00 Monday to Friday and 22:00 to 7:00 on this day. You can start staggered dining, avoid congestion, and attract consumption.

5.4 Distribution and sales

In addition to the general service and sales to customers in the store, we also carry out sales of distribution channels, and after stabilizing the turnover of the store, we expand to the whole market outside the store, using certain distribution means and widening the channel of approaching quality customer flow to make business long. Including the following aspects of the distribution channels.

(1) through the store to consume customers issued membership cards, the commitment to come back to the discount, locking old customers, attracting new customers, the implementation of rapid capital recovery. And set the gold card that is VIP card, looking for channels to promote to all walks of life, to bring friends, recruit more customers and contacts who need to gather in the name of business, so that more channels of social flow to the store consumption.

(2) Through the Internet network distribution, the unique dishes and pot seasoning and other commodities of the hot pot store are processed and produced separately to achieve the online mode of hot pot take-out, so that more people have the opportunity to taste the products of the store, and open up custom dishes and hot pot materials for sale outside the store production products, online and offline integrated management, and increase the distribution channels.

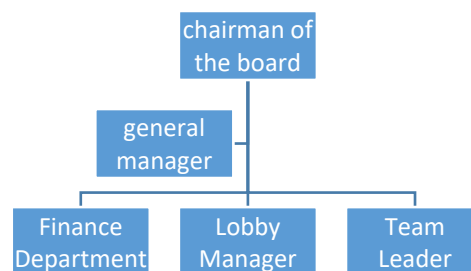
(3) Through the distribution of this hot pot restaurant dish features flyers on the street, as well as on television, the main media, short video on high frequency, high interaction, high communication rate of publicity, to further enhance brand awareness, shaping the distribution image, in the psychology of potential customers to plant the seeds, later want to eat hot pot, associated with the brand. This is also a major trend in the development of distribution channels.

Section 6

Management Team and Company Structure

6.1 Management Team

The organizational structure of the company's management team is mainly demonstrated as follows.



The duties of each position are assigned as follows.

General Manager: responsible for the operation of the entire restaurant.

Lobby Manager: Assist the general manager and be responsible for the management of the floor.

Team leader: assist the foreman to do a good job of refinement of each subdivision.

Waiter: order, side dishes, recommend dishes for guests as well as serve them.

Welcome: greet guests and lead them to their seats.

Passer: responsible for distributing the dishes ordered by the guests to each ordered table.

Cashier: responsible for the daily settlement of the guests' meals.

Cleaner: responsible for the cleaning work of the whole restaurant.

Purchasing clerk: responsible for the purchase of the entire restaurant.

Finance Department: responsible for the processing of all accounts of the restaurant.

6.2 Board of Directors

The main responsibility of the board of directors is to be responsible for making overall strategic decisions and development plans for the company, to study the company's long-term development strategic plans, to make recommendations and to give evaluation opinions. Its members mainly consist of the company's founder and co-investors, the company's founder has the most original understanding and control of the company and the whole industry, good at the fundamental strategic planning of this enterprise, digging market opportunities, and has a keen sense of power industry operation. The co-investors are all from large and small power industry platforms, with many years of experience in industry entrepreneurship and management, and have high awareness of industry development, and can bring unique advice and help to the company founder in company construction and management.

6.3 Advisory Board

The advisory board is the guiding body for the development of the project, providing ideas and planning for the overall development direction of the project. The company's advisory board is composed of well-known hot pot industry experts, senior chefs and relevant expert members of the hot pot association, whose functions are mainly reflected in the following aspects: firstly, to provide professional guidance and evaluation on the development of hot pot products and give professional feasibility advice; secondly, to provide advice and suggestions on school-enterprise cooperation, talent introduction and academic exchanges; finally, to provide various resources for the company's hot pot project. Provide various resources, including financing channels, technical resource matching and any resource pool that can promote the development of the project.

Section 7

Operation Plan

7.1 Business model and procedures

CXiang Hot Pot started from a small store, based on the local Chengdu, Sichuan, aiming at the local market with the reputation and attractiveness of a gourmet capital, and the local is one of the birthplaces of hot pot, with a long history of food culture, the hot pot industry has developed to a very mature system model stage, the establishment of a small hot pot restaurant with special features is a condition and a great thing to do. So from the beginning, CXiang hot pot is adhering to and continuing the local characteristics of local hot pot color and flavor, base cooking techniques exquisite, set up a long-term development of the business model and operating procedures, step by step slowly operating and building up the brand image and flag. Roughly divided into the following business model procedure stages.

Business model	Year	Location Region	Marketing strategy	Operation procedure
Continuation of localized hot pot characteristics	2001	Chengdu, Sichuan	Occupy the local market and stabilize the base.	Renovate the store with unique style, complete dishes, and attract people to eat.
Create brand characteristics,	2005	Chengdu, Sichuan	inheritance and innovation Continuously operate,	absorb elements of the five lakes and four seas hot pot dishes, enrich the content
Establish a local presence and open a chain of stores	2010	and surrounding areas	Strictly control the quality of dishes and services, expand the market share	Establish rules for services and try innovative service features

Compete with peers and establish a differentiated business model	2014	Southwest Region	Find and break through business problems in peers, emerge and create differentiation	Serious staff discipline in stores, avoid management bottlenecks, open up special services, lead the market and develop innovative marketing methods
Introduce quality features of hot pot from other regions 2018	2018	Southwest and coastal regions	Collect and integrate the strengths of all	from the selection of materials, introduction and adoption of equipment, store service and operation, and marketing features to learn from peers
Imitate and learn, and maintain the advantages of our business model	2020	National	Maintain our own brand advantages and continue to learn from peers	Hold seminars, establish management and service rules, and implement reward and punishment mechanisms for employees
Supervised by public opinion, strict quality control	2022	Nationwide	we will be under the supervision of public opinion, and always impress people with quality.	We will seriously investigate and deal with any problems in our stores and will not tolerate them.
Expand stores, radiate the whole country and go to the world	2022-2026	Global	First go steady and then go far, the balance of quality and quantity.	Pay attention to the big market, site selection, market research, choose the day to open new stores.

7.2 Business location

With the local Sichuan Chengdu as the center point area, expand to the surrounding area, and even the whole country, especially the stable and mature hot pot industry market consumption pattern in the southwest as the focus, the layout of the updated market area, radiation nationwide, when the time is ripe, conditions are available, the national system allows the case, consider extending to overseas, following the operation mode of the first brother of the hot pot, the bottom of the sea, bigger and stronger broader market.

7.3 Business facilities and equipment

In operation, the selection of equipment and facilities is one of the most important aspects of the work before opening and expanding the store, first of all, we must collect information on the purchase channels, and supply hot pot supporting facilities such as pots and pans, stoves, stoves, tables and chairs, fans, air conditioners, from the purchase of eight ingredients, the selection of the department to establish cooperative links, from the quality, variety, quantity of prices for comparison, planning and selection, the good reputation, complete goods and Good quality suppliers to reach a stable and long-term cooperative relationship mode, in addition to the store decoration to choose decorative materials environmentally friendly, non-polluting, style features in line with the store's business purposes of building materials, can provide maintenance, maintenance of good after-sales unit to establish a permanent and sustained cooperative relationship, to facilitate the store's high-frequency maintenance needs for the loss of facilities and equipment. For the long-term operation of the store, the development of the brand, the trend of expanding the number of stores to play the exclusion of equipment and facilities loss of hidden dangers and can be used for a long-time utility.

7.4 Operation strategy and plan

(1) Early period (2001-2005)

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.

(2) Mid-term (2006-2018)

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.

(3) Later period (2019-2026)

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.

Section 8

Production design and development plan

8.1 Development status and tasks

At present, the development situation of Chuanxiang hot pot exists as follows, both with the external procurement of goods market channels, also including the introduction of the most advanced hot pot, manufacturing process and other equipment and facilities of the excavation problem, and the management in the store operation regulations set whether to fulfill the problem, as well as the efficiency of the staff, moral character control principles, in addition to dealing with the interests of external competition peer problems, in In addition, it is the issue of dealing with the interests of outside competitors, the parallelization of mergers and monopolies on the basis of market share, etc.

(1) First of all, the strategic positioning of the market. Sichuan hot pot has established a market positioning with the strategy of "freshness, quality, service, management, marketing innovation", and so on. Established the local military quality culture of Sichuan hot pot, fragrant world, reputation across China.

(2) The planning layout of store development. Since 2010, the company has not only consolidated the southwest market of Chengdu, but also started to embark on the planning path of expanding the number of stores, planning to the end of 2022, the national layout, the establishment of network distribution channels, riding on the east wind of the development of the Internet, store expansion under, bound to the online consumption model, the development of a broader market potential.

(3) Secondly, the establishment of product quality brand characteristics and advantages, pulling apart the differences and distinctions with competing products in the market. The restaurant is one of the few independent brands of hot pot in Chengdu, Sichuan, started as a niche brand, to develop into a large brand that has exploded in the general area, which took more than ten years, and then, under the retention and continuation of the advantages of the business characteristics of peers, open up the gap with competitors, create unique and differentiated

marketing methods, innovative services, and pull in repeat customers.

(4) Finally, the implementation of the key point, that is, how to solve the market problems, such as some stores operating in depression, low occupancy rate of the problem. Close the poorly operated stores, site selection is more concerned about the location, the choice of potential consumers to enter the store and the core of the ordering of food, highlighting the store environment atmosphere, as well as to create a city customs and culture of dining style.

8.2 Challenges and risks

(1) Price competition risk. The market challenges faced by this hot pot restaurant are mainly from the price war in the peer market, if

In the peak dining season, such as the Spring Festival and National Day holidays, the majority of groups of gatherings, some hot pot restaurants due to the higher cost of building the store, raise the price of hot pot base, reasonable, but some hot pot restaurants to suppress the price of the pot base, wide attract crowds of customers, it will produce inhibit the flow of the former store.

(2) the risk of being imitated and replaced. Hot pot store in the operation, the procurement of dishes sourcing channels, soup base pot material, service category
Once the reputation of a hot pot store rises, other stores will investigate and follow suit, and there is a risk of being imitated and replaced by a good business hot pot store.

(3) The risk of vicious competition. Hot pot restaurant when the business is flourishing, business is booming, the tree is bound to attract the wind, attracting butterflies.

Attract potential competitors want to compete and beyond, once the market contradictions and competition, there are some businesses with a weak sense of law will try to bad competition, seize market sources, to avoid improper operation. Some even pull in the media, reporting fake news, fake news, to attract commentators, malicious speculation should come into being.

(4) The risk of quality decline. The operation of hot pot restaurants requires managers to devote long-term attention, deal with a variety of customer complaints

by Once the freshness of the dishes, the cleanliness of the kitchen, and the service attitude of the staff during meals are neglected, the decline in quality will bring obstacles to the continued operation of the store and the friction of disagreement.

(5) Legal risks of overseas store expansion. Hot pot restaurant expansion stores, the establishment of chain mode, overseas development is the enterprise to the inevitable road to the future, and do not understand the laws of other countries, to trade laws, tax laws, and so on, there will be violations of events, not only to pay the price of being fined, repatriation, but also because of the preliminary investment and bring greater losses, and even the risk of imprisonment.

8.3 Costs

The start-up capital of the hot pot restaurant is supported by multiple sources of funds, including mainly self-financing part of the funds, and a combination of loan funds from financial and non-financial institutions, as well as loan funds from human resources. Because at the beginning of the business, the need for financial support, but there is no guarantee that the business project will be able to recover the principal and create greater profits, so the funds prepared, will establish a financial chart of accounts, proper reserves and use, try to use the funds on the edge of the knife, to eliminate all unreasonable expenses, once the profits are first used for the operation of the store, the purchase of necessary food ingredients, as well as the timely return of the loan account, so there is no deposit In addition, we have to pay for rent, utilities, staff salaries and other expenses, and each expense is within the management control and financial spending plan.

8.4 Intellectual Property

The store's largest intellectual property rights come from the hot pot store's original pot base development technology techniques that are different from those of peers and other competitors, which can make the ingredients float under the base's cooking fragrance and unique flavor, giving consumers an endless, unforgettable, irresistible taste, and maximizing the preservation of the freshness and nutrition of hot pot ingredients. To maintain the cooking techniques and original

secrets of our ingredients is to maintain our unique intellectual property rights of food research and development in the hot pot industry, which cannot be infringed.

Section 9

Financial analysis

9.1 Sources of Funds and instructions for use

The overall channels of funding sources include self-raising and borrowing, which can be divided into raising inherent funds from the founder and the team and raising funds from the investing shareholders. In addition, the loan part includes the stages of loan application and account transfer procedures for financial institutions and non-financial institutions, among which financial institutions include state-owned banks and enterprises, and non-financial institutions include companies and institutions that formally execute loan business. These financing channels have obtained national legal qualifications and have certain legal effects. The funds raised and raised by Sichuan Incense Pot will be used for the rental and decoration of the store, the cost of purchasing hotpot related ingredients, the equipment, and facilities such as stove, stove, table and chair, and the payment of staff salaries.

Source of funds (100 million)	2022	2023	2024	2025	2026
Self-raised funds	10.58	12.79	13.39	14.28	16.73
Bank credit funds	20.31	22.24	22.97	29.28	29.16
Funds of non-bank financial institutions	10.24	12.29	12.71	13.28	13.47
Internal funds of the enterprise	120.12	139.29	142.52	150.17	160.67

9.2 Assume the table.

This part of the financial statements will be in the form of assumptions for prediction and estimation, will be from cash to the next five years of sales value as the basis for prediction, judging the five years sales rate is flat, decline or growth trend.

Among them, the estimated growth rate = the percentage of the enterprise's revenue growth rate compared with the industry standard to judge.

Year 1: Growth rate =0

Year 2: Growth rate = $45\% \times [110.26\% \times (32.69/32.37) - 1] = 7.89\%$.

Year3: Growth rate= $55\% \times [109.25\% \times (33.68/31.38) - 1] = 8.59\%$.

Year4: Growth rate= $60\% \times [119.23\% \times (36.79/33.35) - 1] = 9.86\%$.

Year5: Growth rate= $65\% \times [120.16\% \times (38.49/32.37) - 1] = 10.29\%$.

First Year Sales

	Pet Product		T-shirt		GPS Collar		Grooming Service	
Unit (K)	Sales unit	Total Sales	Sales unit	Total Sales	Sales unit	Total Sales	Sales unit	Total Sales
Jan	2	300	2	500	2	600	2	1200
Feb	2	300	2	500	2	600	2	1200
Mar	2.1	350	2.1	550	2.3	650	2.5	2500
Apr	2.1	350	2.1	550	2.3	650	2.5	2500
May	2.2	400	2.2	600	2.4	700	2.6	2550
Jun	2.2	400	2.2	600	2.4	700	2.6	2550
Jul	2.3	450	2.3	650	2.5	750	2.7	2600
Aug	2.3	450	2.3	650	2.5	750	2.7	2600
Sep	2.4	500	2.4	700	2.6	800	2.8	2650
Oct	2.4	500	2.4	700	2.6	800	2.8	2650
Nov	2.5	550	2.5	750	2.7	850	2.9	2700
Dec	2.5	550	2.5	750	2.7	850	2.9	2700
Total	26	4160	6.8	1044	9.6	1296	6.6	3216

9.3 Pro forma financial statements

The pro forma financial statement will forecast the performance of the three financial related statements from 2022 to 2026 (within five years), including the income statement, the balance sheet and the statement of cash flows, etc., as well as the performance of the income statement and the statement of cash flows within one year.

Estimated financial items	2022	2023	2024	2025	2026
Current assets	8.12	9.12	10.23	12.32	13.87
Accounts receivable	6.21	7.95	7.36	8.92	8.28
prepayments	0.28	0.39	0.25	0.34	0.26
Other Accounts Receivable	0.92	0.94	0.95	0.96	0.98
inventory	2.21	2.58	2.64	2.91	3.28
Current liabilities	5.34	5.27	5.81	5.92	5.12

Miscellaneous	1	1	1	1	1	1	1	1	1	1	1	
Office Supplies	10	10	10	10	10	10	10	10	10	10	10	
Total Operating Expenses	676	518	500	516	496	504	504	496	500	504	516	
Operating Profit (Loss)	0	0	0	0	0	0	0	0	0	0	0	0
Less: Taxes	-	-	-	-	-	-	-	-	-	-	-	
Net Income	0	0	0	0								

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
Total Revenue	21370	23162	25362	27988	31188
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
Total Operating Expenses	6226	6226	6468	6468	6944
Operating Profit (Loss)	1352	1960	2544	3248	4176
Less: Taxes	112	216	290	396	530
Net Income	1240	1776	225	2852	3616

Among them, sales of hot pot products should pay 4% value-added tax, and provide services required to pay 5% business tax, at the same time, according to the

sum of value-added tax and business tax, urban construction tax and education surcharge, etc.

9.5 Projected balance sheet

Balance Sheet					
For the Year Ended, Dec., 31					
Unit(K)	2022	2023	2024	2025	2026
Assets					
Current Assets					
Cash	454	624	840	1160	1466
Office Supplies	120	246	378	1160	663
Total Current Asset	2337	3244	4392	5841	7667
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
Total Noncurrent Assets	564	520	474	430	384
Total Assets	2620	3504	4630	6056	7880

9.6 Forecast Cash flow

Statement of Cash Flow					
For the Year Ended, Dec., 31					
	2022	2023	2024	2025	2026
Cash Balance, Beginnnng	2000	2277	3121	4208	5582
Cash Flow from Operation Activities					
Net Income	620	883	1126	1426	1803
Changes in Office Supplies	60	62	66	69	72
Depreciation Expenses	45	45	45	45	45
Total Cash Flow from Operation Activities	582	843	1082	1379	1753
Cash Flow from Investing Activities					
Application Depreciation Cost	160				
Property, Plant and Equipment					
Computer	160				
Printer	100				
Table & Chair	40				
Washer	150				
Total Cash Flow from Investing Activities	618				
Cash Flow from Financing Activities					
Equity Contribution					
Dividend					
Total Cash Flow from Financing Acitivities					
Net Change in Cash Balance	277	843	1082	1379	1753
Cash Balance, Ending	4554	6242	8406	11164	14672

9.7 ratio analysis

9.7.1 Investor Decision Analysis Factors

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%

9.7.2 Net present value and internal rate of return analysis

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	

Investment return period

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

Return on investment

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

Net present value and internal rate of return

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%

Financial Analysis

Analysis: 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 increased 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.

Appendix

Questionnaire survey

First, the overview

- (1) Company background and history
- (2) The company's main revenue and expenses
- (3) Special business risks undertaken by the company
- (4) Information on the company's principal officers
- (5) Changes in the company's ownership and ownership structure (three years)
- (6) Organizational chart of the company, shareholding relationships (parent company, subsidiaries)

Second, sales

- (1) Breakdown of sales by product and business type for 2-3 years
- (2) Sales area breakdown and sales trends
- (3) Information on partners accounting for 10% and above
- (4) Sales process
- (5) Sales network
- (6) Sales agents
- (7) Sales of competitors in the product classification
- (8) The main domestic and foreign competitors, their advantages listed
- (9) The company owns trademarks, patents, intellectual property rights
- (10) Third-party infringement, the company's corresponding measures
- (11) Ratio of inventory to sales, ratio of accounts receivable to sales
- (12) Seasonal sales and high and low peaks
- (13) Future sales outlook of major product businesses

Third, raw materials

- (1) Sources and availability of major raw materials
- (2) Raw material pricing
- (3) Suppliers
- (4) How to obtain raw materials
- (5) Suppliers that provide 10% or more of raw materials

(6) Relationship with major suppliers

--Sign long-term supply contracts with suppliers

--whether there is a supply first and pay later provision

(7) production and procurement of raw materials planning and inventory logistics management

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