



THE SUMMER SOLSTICE CHINESE BAR

BY

ZIHAO SONG

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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**Program** Master of Business Administration (International Program)  
**Advisor(s)** Poramet Eamurai, Ph.D.

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### **Abstract**

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

**Keywords:** bar, market analysis

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Zihao Song

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## Section 1

### Executive Summary

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

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

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

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

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

## Section 2

### Introduction to the Bar

#### 2.1 Bar Concept

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

#### 2.2 Name

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

#### 2.3 Considerations for Naming a Business

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

#### 2.4 Legal issues

Policy regulation and support.

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

For example, in September 2016, the Ministry of Culture formulated the "Opinions of the Ministry of Culture on Promoting the Transformation and Upgrading of the Cultural and Entertainment Industry", which aims to meet the society's demand for spiritual culture, guide and drive cultural and entertainment

consumption, and promote the transformation and upgrading of the industry. The content of the opinion mainly includes encouraging entertainment establishments to enrich their business models, encouraging entertainment establishments to develop chain operations, exploring the development of environmental service grading for entertainment establishments, supporting the development of the industry driven by competitive gaming and amusement events, encouraging participation in public cultural services, strengthening the construction of content in the cultural and entertainment industry, and encouraging production enterprises to develop new products.

In September 2018, the State Administration of Market Supervision and Administration and the National Standardization Administration formulated the Service Specification for Song and Dance Entertainment Establishments, which specifies the terms and definitions related to song and dance entertainment establishments and sets out requirements for safety management, service content, service facilities and equipment, service personnel and service quality evaluation and improvement.

Date	Policy name	Subject	Main content and impact
2016.02	Places of Entertainment Regulations	State Council	In order to strengthen the management of entertainment venues and to ensure their healthy development. The competent cultural departments of the people's governments at or above the county level are required to be responsible for the supervision and management of the daily business activities of entertainment venues; the public security departments at or above the county

			level are responsible for the supervision and management of the fire and security conditions of entertainment venues.
2016.09	The Ministry of Culture's Opinion on Promoting the Transformation and Upgrading of the Cultural and Entertainment Industry	Ministry of Culture	It aims to meet society's demand for spiritual culture, guide and drive cultural and entertainment consumption, and promote the transformation and upgrading of the industry. The content of the opinion mainly includes encouraging entertainment establishments to enrich their business models, encouraging entertainment establishments to develop chain operations, exploring the development of environmental service grading for entertainment establishments, supporting the development of the industry through competitive gaming and amusement events, encouraging participation in public cultural services, strengthening the construction of content in the cultural entertainment industry, and encouraging production enterprises to develop new products.
2017.12	DB31/T 1074-2017 Code of Practice for Bar Operation and Manage	Shanghai Municipal Bureau of Quality and Technical S	The regulations improve the requirements for bar qualifications, integrity of operation, environmental facilities, personnel, service delivery an

	ment Services	upervision	and evaluation of improvements.
2018. 09	Code of Practice for Cabaret Entertainment Establishments	State Administration of Market Supervision and Administration, State Standardization Management Commission	The regulations specify the terms and definitions related to cabaret entertainment venues and set out requirements for safety management, service content, service facilities and equipment, service personnel, and service quality evaluation and improvement.

Introduction to the National Strategic Plan for the Bar Industry (14th Five-Year Plan)

According to the 14th Five-Year Plan for the development of the bar industry, China's bar industry should be market-oriented, implement management and technological innovation, be independent of enterprises and combine internal and external aspects. Combining existing products with high technology, promoting their upgrading and expanding the visibility of enterprises in the bar industry. With the development of the bar industry and the maturity of the market, as well as the improvement of policies and regulations, the development trend of the bar industry can be summarized as follows.

The socialization of the bar

Like other industries, the capital investment mode determines the socialization of the bar industry. At present, the capital investment mode of China's bar industry has gradually formed a pattern of mainly user investment, supplemented by state investment. In developed countries, the government consciously guides large economic organizations to participate in capital investment and uses this as a means to promote private forces to drive the development of the industry. In addition, investors will strengthen their cooperation with companies related to the bar industry in order to obtain long-term benefits and develop new projects. These changes in the way capital investment is made will break down the

closed nature of the bar industry and create a completely open market. The traditional bar industry can no longer fully meet the needs of social development and people's lives, which are socialized. These factors determine the socialization of the management of the bar industry. At the same time, with the development of the market economy, the socialization of the bar industry management will be promoted and developed.

#### Large-scale bar industry

In terms of the period of development of the bar industry, the degree of market development of the bar industry determines the scale of the bar industry. The socialization of industrial capital investment and implementation is a condition for its scale, and the socialization of the management of the bar industry is a guarantee of its scale. As the bar industry has become socialized, it has moved from being unitary and individual to being regionalized. Therefore, the socialization of security is also a process of its large-scale development. Another factor is the "internet plus" of the bar industry, which has accelerated the realization of its scale.

#### "Market directions for the bar industry in the 14th Five-Year Plan

During the "14th Five-Year Plan" period, enterprises in China's bar industry have unique advantages in the domestic market. The current market competition in China's bar industry is fierce. Especially in recent years, with the rapid development of China's economy, more and more industry insiders believe that with the high annual growth rate of China's bar industry market, it has attracted well-known corporate giants in the bar industry from all over the world. These corporate giants have a clear advantage. They have huge technological advantages, decades or more of experience in market operations and a long history of branding. In the face of these multinational corporate giants, Chinese bar industry enterprises have given full play to the strategic tactics of building on their strengths and avoiding their weaknesses, bringing their geographical advantages and harmony with people to the forefront. Secondly, domestic bar industry enterprises are more suited to the national conditions and more in line with the needs of the Chinese people. In terms of service, Chinese bar companies have also done a better and more considerate

job. To capture market share, domestic bar companies undertake all projects, big or small, and maintain a good relationship with all their clients. In addition, Chinese companies in the bar industry are cleverly using price wars, the best competitive strategy for domestic companies, to capture the market share of the bar industry.

"Bar development priorities for the 14th Five-Year Plan

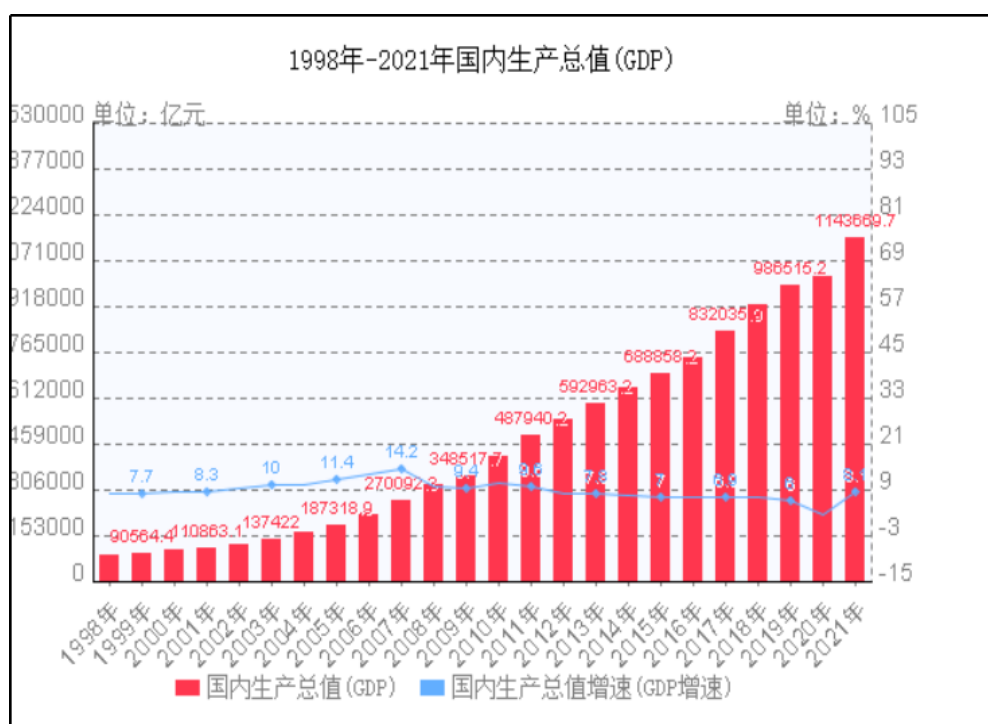
Finally, many of our companies have realised that the pressure to survive and allow themselves to thrive in the current brutal and even vicious competition in the bar market is enormous. Products and technologies that follow trends lack vitality and will never be able to take advantage of their leading edge. This is a point that companies in the domestic bar industry have recognised and are putting into practice. "To grow and develop during the 14th Five-Year Plan period, bar companies must first create a leading edge that goes beyond trends. In order to achieve technological leadership, good service and marketable products, we should also be bold enough to face difficulties and develop market share by surpassing the technology and quality of our competitors to expand our own survival and development space.

## Section 3

### Industry Analysis

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

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



The size of the economy exceeds RMB 110 trillion to reach RMB 114.4 trillion, ranking as the world's second largest economy, with GDP per capita exceeding RMB 80,000. 2021, China's GDP per capita will reach RMB 80,976 and will reach US\$12,551 at the average annual exchange rate, surpassing the world's GDP per capita level. During this period, the bar industry has steadily developed and maintained growth. 2021, the new tax relief program and the launch of the Beijing

Stock Exchange have also opened up a new world for companies related to the bar industry for direct financing. Under the impact of the epidemic, the problem of uneven and insufficient development is becoming increasingly prominent. China actively expanded its domestic demand strategy and vigorously promoted supply-side structural reform, and new progress was made in the restructuring, transformation and upgrading of the bar industry. The national resident Engel's coefficient was 29.8%, down 0.4 percentage points from the previous year. Domestic demand dominated the contribution to business growth, the consumption structure continued to be upgraded and the demand structure of the bar industry continued to improve.



### Before the New Crown Outbreak

Thanks to China's continued economic growth and the diversification of bars, the bar industry will continue to grow. Before the outbreak, the number of bars in China grew from 37,000 in 2013 to 60,000 in 2017, a compound annual growth rate of 12.8%, and the market size of the bar industry grew from RMB20.19 billion in 2013 to RMB43.87 billion in 2017, a compound annual growth rate of 21.4%. The market size of the bar industry also increased from RMB20.19 billion in 2013 to RMB43.87 billion in 2017, representing a CAGR of 21.4%.



### After the new crown outbreak

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

In terms of shop distribution, Chengdu, Beijing, Shanghai and Shenzhen, which have more entertainment and fashionable attributes and are more economically developed, have a relatively large number of shops. 2,524 bistros were operating in Chengdu in 2021, accounting for 6.64% of the total number of bistros nationwide, the largest share; 2,252 bistros were operating in Beijing, accounting for 5.93% of the total number of bistros nationwide; 2,106 bistros were operating in Shanghai, accounting for Shanghai has 2,106 bistros, accounting for 5.54% of the total number of bistros in China; Shenzhen has 1,940 bistros, accounting for 5.11% of the total number of bistros in China; Guangzhou has 1,623 bistros, accounting for 4.27% of the total number of bistros in China; and Chongqing has 1,401 bistros, accounting for 3.69% of the total number of bistros in China.

Data show that the domestic bar market size declined from 58.85 billion yuan in 2019 to 47.82 billion yuan in 2020, with single-store revenue declining from 850,000 yuan/year to 753,000 yuan/year. From the source of revenue, the market size of the alcoholic beverage business in China's bar industry in 2020 is 28.33 billion yuan, accounting for about 59.2%; food and other business revenue is 19.49 billion yuan, accounting for 40.8%. From the business model and operating hours of the meal bar, the age structure of the mainstream clientele will be younger, so the digital dining experience will be more important. In addition, internet marketing methods, personalized consumption to meet these are all to be considered.

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

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

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### **3.2 Industry Characteristics**

A bar is a place where alcoholic beverages such as beer, wine, liquor and cocktails are served, mostly in the entertainment and leisure category, with live bands or singers, professional dance teams and 'dancing girls'. The more upmarket bars also have bartenders who perform spectacular fancy cocktails. Pubs, on the other hand, are more of an English style pub with a focus on alcohol, and are an offshoot of the BAR. There are many types and styles of bar, ranging from the lowly

'dive bar' to elegant venues that provide entertainment for the socially elite. Originally originating from the Western taverns of the American West, the word bar came to mean a counter selling drinks in the 16th century and evolved over time to become a comprehensive consumer venue offering entertainment and performance services, before being introduced to China around the 1990s.

Bars can be broadly categorized into the following nine types according to their services: main bars, entertainment bars, lounge bars, club/salon bars, service bars, banqueting bars, lounges and multi-purpose bars.

The bar is a product of Western culture, originating in England, its English name is: bar, which originally meant bar, barrier, restriction, blockade, etc. The original meaning was a long counter for the sale of alcohol. The original meaning was a long counter for the sale of alcohol, which first appeared in small roadside shops and restaurants, providing basic food and accommodation for customers. Later, due to the glamour of alcohol and the rise in the standard of living, the 'bar' was separated into a place where people could sell alcohol and relax.

The birth and development of the bar was accompanied by the creation and development of modern Western culture, which quickly took the world by storm as modern civilization rubbed up against it. The bar has evolved and developed over time. The bar, by now, has changed a lot in terms of its function. It is no longer limited to a place where people come to rest when they are tired, and it is not just a place where people drink. It is now a place for people's spirit, a place for people's mood, a place of refuge for people's emotions and a place for people's taste.

In Europe and America, there are more pubs and bars on the street than there are teahouses in China, whether in large cities or small towns. There are also many different kinds of bars: football bars, film bars, artist bars, museum bars and so on. Centuries of history have shaped their unique drinking culture and bar lifestyle. In contrast to restaurants, bars are not limited to three meals a day and serve people around the clock. In France, Switzerland, Germany and Italy, many bars serve casual meals and some offer a variety of snacks and light meals in addition to drinks. In the busier commercial areas or in the old town, hotels, pubs

and bars are lined up in a variety of ways, making them an important part of the cityscape and an attractive part of the modern city.

Overview of the development of the bar industry in China

As society developed, especially after the industrial revolution, more and more people moved into the cities, where they needed a place to socialise and relax after work and study, so pubs developed. According to the great German thinker Habermas, pubs were already established in Europe by the early 18th century, with over 3,000 in London alone. Today, bars are a common place of leisure and entertainment in cities around the world, especially in Europe and the United States, from large cities to rural business districts. The bar is not only a place of leisure and entertainment, but is becoming an integral part of young people's lives.

Since the reform and development of China, the progress of Western society has entered the daily life of Chinese people in the form of concrete and tangible products, bringing a powerful material temptation and cultural impact to Chinese society, and a social psychology of admiration for the West has rapidly grown and spread.

### **3.2.1 Industry structure**

The industry structure of the bar industry consists mainly of manufacturers of raw materials and services, product and service integrators, design planners, agents of products and services for the industry, distributors of products and services for the industry and consumers.

Manufacturers of raw materials and services, responsible for upstream products and services, mainly comprising the original manufacturers of products and services, including manufacturers of various types of raw materials.

Product and service integrator for the integration of intermediate services, mainly for the reprocessing of upstream services and the integration of upstream services.

Design planners, responsible for product and service design, provide design and planning primarily for the entire business segment.

Industry product and service representation, responsible for industry representation, mainly including representation of services, products provided by upstream industries.

Industry distributors and consumers of products and services, mainly industry distributors and consumers of products and services.

### **3.3 Industry trends**

At this stage, mass consumption and business consumption are the main drivers of alcohol product consumption, with social attributes driving customers to public entertainment venues such as bars. The main revenue of bars is derived from the sale of alcohol products. Driven by the per capita consumption of alcohol and social consumption in China, the bar and nightclub industry is set to gain momentum.

Bars with clear themes, cultural heritage and diverse business models are more popular with consumers and have better and more profitable operating efficiency. The bars that rely on traditional business models are less effective and have seen a succession of closures. After continuous reshuffling of the industry, the market share of chain brand bars in the bar industry will continue to expand and the advantages of the brand will gradually come to the fore.

### **3.4 Long-term prospects for the bar sector**

The bar industry is developing rapidly and the types of bars are diversifying, such as flower farms, performing arts bars, hotel bars, chain bars, self-service bars and so on. Most of the bars are more avant-garde and modern in form, highlighting their themes through interior decoration and lighting, but most of the bars on the market are still mostly low-end, with fewer bars having individual characteristics and style.

With the development of the domestic economy, the bar market is facing huge opportunities and challenges in terms of development. In terms of market competition, the number of bar enterprises is increasing and the market is facing an asymmetry between supply and demand. There is a strong demand for further reshuffling in the bar industry, but there is still more room for development in some bar segments and information technology will become a core competency.

Strengthen the support of talents, promote the construction of bar-related professional education system, establish a title evaluation and skill level evaluation system oriented to character, ability and performance, expand the space for career development of bar professionals, enhance their sense of professional honour and social recognition, and promote the protection and gradual improvement of bar practitioners' remuneration in all regions. Continuously growing the bar team of professionals, technical workers and service workers will be a major trend in the future development of the industry.

Talent, especially professional talent, is the basis for the development of the bar industry, and at present, talent has become an important factor limiting the development of the bar industry. At present, there is no comprehensive teaching and practice system for the training of talents in China. It is necessary to actively introduce mature foreign education systems for bar professionals, study them in depth, and combine them with national conditions to establish an international curriculum and practice system for the training of talents in the bar industry that is suitable for national conditions. At present, the China Bar Technology Alliance is discussing with the United States, Japan, Australia, Canada, Italy and other countries to exchange cooperation on the training system of professional bar talents, and has reached a preliminary intention to introduce foreign bar technology talents training, which is an important way to quickly establish the training system of bar talents in China.

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profitable. The bars with a clear theme, cultural heritage and diverse business model are more popular with consumers and are more profitable.



In the face of a stable Internet market, Internet giants who have the strength to do so have begun to explore new businesses and occupy new tracks. The two domestic giants, A and T, have gone to great lengths to reorganise their structures and put forward the concepts of "Ali Da Wen Hui" and "Tencent New Wen Chuang". The collision and integration of the Internet and the traditional entertainment industry is inevitable. If we don't move forward, we will fall back. The entertainment industry must take the initiative to embrace the changes and trends of cross-border entry, make a good layout in advance, maintain a sense of crisis and take the initiative to turn the Internet into a tool for its own use, so that it can live in symbiosis with the giants and explore more possibilities for cooperation, and jointly create a new pattern in the entertainment industry.

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## Section 4

### Marketing Plan

#### 4.1 Overall marketing strategy

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

The more society develops, the more the market is subdivided, the more professional bar operation should be. In recent years, China's bar products are the same, the same, a hundred shops a phenomenon is more prominent, resulting in more competition between the bar, resulting in rising costs and reduced efficiency. Diversification of consumer demand, bar products must also be diversified Bar hardware can not be compared to luxury, grandeur, large and comprehensive, and should be based on the limited investment in the design of their different styles, taste, atmosphere and cultural characteristics. Bar software should also be based on the "old three" (standardised, standardised, programmed) to achieve the "new three" (personalised, specialised, image). If the bar does not do this innovation work, it will be mercilessly eliminated by the market. Bar innovation should be carried out in accordance with the requirements of customers, fully consult customers, listen to the reflection of many aspects. Older customers should be consulted and improvements made in a timely manner, so that they can continue to feel new services and changes and increase their loyalty to the product. For new customers it is important to enhance the promotion of the bar's functional features and highlight what makes it different from other bars. To retain customers, the product must be varied, innovative and groundbreaking. The easiest breakthrough point for a bar to

show a distinctive difference is culture. Culture is particularly distinctive geographically, with the vast majority of guests staying in foreign countries, and the higher the star rating, the further away the guests are from the bar, and the greater the cultural differences. Bars can highlight the local characteristics in terms of house shape, interior decoration, service staff dress, service form, food culture, background music, entertainment activities, etc. to attract customers to choose their own bar consumption.

The general mentality of customers is to seek newness, variety and change, and they tend to be receptive to various cultures in foreign places. If you try to cater to your customers' lifestyles in your service, you will not necessarily achieve the desired results. Because guests come from all over the world, a programmed model cannot be adapted to all guests, and sometimes guests may find this catering to be a poor service. Of course, innovative services should not be imposed on people, but should provide guests with a variety of options and respect their choices, so as to do a good job of personalising services.

## II. Scientific use of publicity tools

Bars cannot wait for customers to come to them, they also need to promote their products, but the choice of media must be carefully considered. In today's information age, the media are diverse and different media target different audiences and have different ranges of radiation. TV, radio, newspapers, magazines, business letters, promotional materials, outdoor advertising, mobile traffic advertising and many other media and publicity channels often make it difficult for pubs to choose and confused. It is easy to see through the survey that some bars are often featured in certain media advertisements, but the real effect is not ideal.

The reason for this is that the bar's target audience is generally scattered, and the media audience is relatively concentrated, which is like casting a net to catch fish in a vast lake with few fish, which is a lot of effort and little reward. For the whole market, the bar should promote itself by creating news, such as trying to attract celebrities and dignitaries to stay in the bar, as well as holding events with a high social impact, and making frequent media appearances to expand the bar's

influence through press campaigns. Alternatively, outdoor advertising can be set up at city gateways, such as airports, stations and docks, according to the bar's mainstream clientele, as well as targeted door-to-door promotion by distributing letters, souvenirs and promotional items to regular and potential customers.

Third, pay attention to bar relationship marketing

Relationship marketing is marketing that targets key customers. The aim of relationship marketing in bars is to increase the loyalty of regulars and to consolidate market share. Some of the common tools used in relationship marketing are: frequent flyer discounts, fast check-in and check-out, and personalised stays by recording information about frequent customers. A personalised service experience leaves a lasting impression on the guest. It is extremely important for bars to gather information about their guests in relationship marketing.

In order to provide them with a personalised service, the bar collects personal details of certain guests through various information channels to get an accurate picture of their spending preferences. The next time they stay at the bar, they are addressed appropriately without having to register and are directed to check in, and the services are tailored to their requirements, such as the orientation and interior layout of the rooms, the prompt connection of long-distance calls and business support, and the bedding and toiletries to their individual requirements. Many customers have this potential to establish a friendly relationship with the bar, they want to receive personalised service from the bar for a long time, they want the staff to know them, to care for them, to contact them and to provide them with a high quality of service.

Most customers are willing to establish a friendly relationship with the bar and are willing to express their views on the work of the bar. Once a bar has identified and selected its relationship marketing targets, it should initiate contact with them. Regular contact with selected customers to get their views and suggestions on the service will make them feel part of their network and close to the bar, and they will subconsciously prefer the bar when they need to spend

money there. It is important for the bar to be proactive in its relationship marketing. If the customer is always the one to contact the bar on their own initiative, they will not see themselves as having a special relationship with the bar and the relationship marketing will not be as effective as it could be.

Customer loyalty to a bar is rewarded. Rewarding regulars is one form of reward, and it is the lowest level of relationship marketing. At present, many of our bars have introduced 'reward schemes' to reward regulars in the form of free accommodation, price discounts and so on, in the hope of developing loyal customers to the bar. Rewards can take many forms, such as joint reward schemes with airlines, clubs, travel agents and other bars, operating together for mutual benefit. Reward schemes do not work for all customers. For high level business customers, they value the bar's facilities, attitude and quality of service. In addition, reward schemes can be easily copied by competitors. When competitors adopt similar measures, the effect of rewards programmes on customer loyalty is greatly diminished. Thus reward schemes can return some customer loyalty, but they cannot really create loyal customers. In addition to relationship marketing, bars need to put more effort into the quality of their service and the way they operate to get real results.

Fourth, do a good job of internal marketing of the bar

In-house bar marketing is the promotion of the entire staff within the bar, which is a continuation and extension of bar marketing and is the best form of marketing cost saving.

First of all, internal promotions are promotions for existing guests or regular customers, and holding on to existing customers means holding on to existing market share.

Secondly, internal promotions do not require dedicated staff, which is both easier and more convenient than external promotions. From the general manager to the waiters, from the front to the back, everyone can participate, and all bar staff are voluntary salesmen. As long as the enthusiasm and initiative of all staff are

mobilised, and then appropriately master some methods and techniques, the bar will form a strong internal sales force.

Secondly, internal promotion does not require specific financial investment. It is not like advertising or public relations, which require special funding. Instead, it is a way of selling to customers without missing a beat, while at the same time doing its job, with only a few more flexible methods, language skills and changes in format. This is the least expensive and most effective means of promotion. In addition, internal promotions are not restricted in any way and can be carried out anywhere and anytime during the service. Therefore, internal promotion is a very effective form of marketing. It is an extension of external promotion. The guarantee of the effectiveness of internal promotion is the quality of service. Only quality service will satisfy guests and make them receptive to the inducements of internal promotions and willing to spend more and spend again. In addition, the establishment of a sound set of incentive internal promotion mechanism is the institutional guarantee for good internal promotion and the establishment of the whole staff's marketing awareness.

#### V. Adopt brand marketing strategies

Branding is an important intangible asset for bars and it has great economic value. Using brands for marketing is a very effective marketing approach. With consumers' increasingly diverse and personalised consumer pursuits, the function of branding is becoming increasingly important. The establishment of a bar brand can trigger customer preference, build customer friendly feelings, enhance consumer identification and brand loyalty, thus achieving marketing objectives. Bar branding allows customers to recognise and differentiate the positioning of the bar from other bars through the bar's name, signage and slogan.

Bar branding is built on the quality of service. Bar accommodation is an intangible product with service as its main component, which cannot be touched or tried and tested by the consumer and relies heavily on the consumer's prior perception of its quality. The quality embodied in the brand is a key factor influencing consumers' pre-purchase perceptions and purchase decisions. The

quality of a bar's brand is communicated to the customer through the bar's superficial features, in terms of price, the appearance of the service staff, the exterior of the building and other aspects that clearly make a first impression on the customer. These aspects of image enhancement and characterisation are particularly important in creating a recognisable brand for a bar. However, the formation of a well-known bar brand does not happen overnight, but relies on the long-term scientific management and persistent marketing efforts of the bar. Brand marketing itself is the process of creating a brand name. The purpose of brand marketing is to continuously improve the brand and form a brand name. At present, the importance of brand names has been increasingly recognised by more and more bars. Bars can use brand names to extend their products and penetrate the market. Sixth, take the opportunity to carry out business promotion activities

Sales promotion is a series of encouraging sales measures taken by a bar to motivate its target customers to speed up their purchasing decisions and increase the number of purchases. Bars often vary the way they sell their products through certain activities for promotional and publicity purposes. Such changing forms of sales are applied to short-term special promotions for a specific period of time or a specific task, with the aim of strongly stimulating market demand and achieving rapid sales results in a short period of time. Forms of bar business promotion include various celebrations, holiday promotions, themed sales, cultural shows, food festivals, recreational programmes, talks by celebrities, exhibitions, etc. Through this type of activity, bars gain benefits, showcase their image and expand their influence.

For example, in recent years, Zhengzhou Zhongzhou-Holiday Bar has held colourful festive gatherings at Christmas and Mid-Autumn Festival every year and taken the opportunity to launch festive rooms and catering products, each time generating a sensational effect and becoming the focus of the news, causing a very good market response and generating substantial economic returns.

Bars in important days without losing time to hold a variety of cultural taste, artistic atmosphere, unique and innovative content, the form of lively and healthy sales activities, not only can directly increase the bar income, but also expand the bar visibility, establish a good market image of the bar.

Seven, establish network marketing channels

With the widespread use of information technology in the hospitality industry, Internet marketing has grown at an unimaginable rate to become the most effective, economical and convenient marketing tool for hotels. According to the Travel Industry Association of America, travel sales on the Internet were US\$820 million in 1997, with about six million Americans making reservations online, and predicted that by 2002, travel bookings on the Internet would grow about tenfold.

The Bar Web Sales System is a revolutionary innovation in bar marketing. Its main advantages are the ability to effectively present the bar's image and services, establish a good interaction with customers, manage the sales process efficiently and also significantly reduce sales costs, improve economic efficiency and management.

The bar online marketing window can be designed as a system of external and internal connections respectively. External connections refer to the connection of the bar marketing homepage with other bar web pages, tourism websites, other websites in the area where the bar is located and search engine websites; internal connections refer to the layout and opening form of the bar marketing information content on the homepage.

The external connection of the online bar marketing information system directly affects the number of opportunities for internet users to access and visit the bar site. The relationship between the bar marketing homepage and other bar pages, tourism websites, regional websites where the bar is located and search engine websites must be carefully addressed. The internal connection of the bar marketing information is related to the rational layout of the content of the marketing information, i.e. to meet people's viewing habits and the ease of access to relevant information. It is important to note that Internet users always want the

easiest way to access the most valuable information. Therefore, the content structure of the online marketing information should be structured in such a way as to highlight the characteristics of the bar's business.

Bars can arrange the sequence and composition of content according to their different situations. For example, hotels that feature conferences should place the relevant content on the first screen or on the first hypertext link and try to place the main information in the centre of the screen. If there are fewer information sections, they can be arranged in a straightforward listing, and visitors can use the scrolling screen to access the information. If there are a large number of sections, this should be achieved by hypertext links, but preferably no more than three levels deep, in order to make it easier for visitors to find the information they need. Too many levels will cause the visitor to lose patience.

The majority of web pages now have buttons with symbols and clear instructions for 'navigation', and it would be better if on top of this each page could have a button that would take visitors immediately back to the home page. For informative marketing information with a wide range of entries, such as special restaurant prices, service times, room types, areas and prices, etc., tables can be used as far as possible, as they are more organised and easier to understand than text alone.

#### VIII. Laying the foundation for good business

##### 1. The "two basic points" of bar operation

There is always competition in the market economy, and sometimes it is very cruel. In order to win in the fierce competition, the bar must first train its internal skills and manage and coordinate all aspects of its work well in order to enhance its business strength and be invincible in the unpredictable market. To do this, we must cultivate and create a high-quality workforce and establish the right business philosophy on the very next effort. These are the two basic points of bar management.

The production and consumption of bar services occur simultaneously, and the contact between guests and the staff providing the service is multi-faceted and extensive. Without first-class staff, there will be no first-class service; without satisfied staff, there will be no satisfied guests. Staff are the most valuable asset and resource of a bar. Cultivating and creating a team of staff with good quality, knowledge, skills, etiquette, integrity, business ethics and enthusiasm is the most fundamental task of bar management.

Bar is a traditional service industry, service to respect customers as the top, so that customers come to the bar actually feel at home, everywhere satisfied. To do this, we must fully implement the "guest first" business philosophy in the bar, establish the "customer satisfaction as the first task" work concept, all-round for the customer's sake and service, from the ideological construction to lay a good business foundation.

## 2. "One Centre" for bar management

At the heart of the bar business is the market, the target customer. Bars must pay attention to the market, market-oriented, around the market to carry out work. Bars to market as the centre is to follow the laws of the market, do a good job of market research, understand the market demand, can not rely on subjective speculation for business, but with the market changes in a timely manner to adjust business strategies, purposeful bar business activities.

The basis of bar management can be summarised as "one centre" and "two basic points".

### 4.1.1 Marketing programme

A good bar sells not just drinks, but a scene experience. That is to say: a light social immersion experience scene, through lighting, table and chair placement, decoration to create a space in which customers can be immersed for a long time, this is the "bubble" bar, the bar depends on cultivation, can not rush back to the capital, when the customer through the precipitation of a certain scale of community, business will naturally fire, and quite solid, different with In order to

create a mature bar, we will develop a series of marketing plans, divided into short-term and long-term strategies.

#### **4.1.2 Short-term strategies**

Some of the old marketing strategies we still use, they are used by a large number of companies as a marketing tool, have been successful and have brought significant returns for the company and are tried and tested, we use the following two strategies

Social app promotion: This is one of the cost-effective ways we can get our message across to residents of the Jinjiang district and the country. But we will be unique in our video content and design.

Banner advertising, although old but effective: including street lights neighborhood street lights and bus stops scrolling screen these ads, compared to other advertising methods have the advantage of low prices, and radiation is no less than television and newspaper advertising.

After obtaining the rights to hang these banners and use the screens we will have a professional designer design a banner for us that clearly highlights the Chinese theme, as the banners are small in size they are mainly text based and new and should catch people's eye, we will personally monitor the banners to ensure they meet our design requirements. The scrolling screen is large so we intend to incorporate the culture and character of the bar into the painting with a text that highlights the theme.

#### **4.1.3 Long-term strategy**

Chengdu is known to be a rainy city and people are always troubled by sudden downpours. This is especially true in April and May, when the rainy season is a source of distress for many people. Umbrellas with the bar's logo will be available for pedestrians to use in densely populated areas such as large shopping plazas and supermarkets for a deposit of 15 RMB, which can be returned to the bar or rental

location after use. This is a great way of helping pedestrians to solve their urgent problems and at the same time, it is a great way of advertising the bar.

The key to a bar's longevity is to have an established community, so how do you build an established community?

(1) Pulling in new customers, building a sense of belonging to the user, allowing shop staff to meet a customer every day, and eventually to call out the customer's name when he or she arrives.

(2) Promote activity and interaction within the community, I call this interaction "fermentation", "fermentation" will bring encounters, warmth, through continuous introduction and acquaintance, so that guests meet each other, collision.

(3) Maintenance, release community benefits from time to time, record community members' birthdays, hold ceremonies or send wine, even some activities can be done away from the shop, such as the establishment of a community football team, basketball team, diversified community activities, so that the community is full of cohesion. Through WeChat, social apps to group, send benefits, and do not use it simply to send advertising, spread happiness is more important than spreading promotion.

We will use the above two types of marketing to increase awareness and stabilise the community, and we will also design different marketing techniques to meet the changes at different times during the course of our business, so that the bar can continue to prosper.

## **4.2 Pricing strategy**

The bar's shop is decorated in the old Chinese style, and in line with this, the drinks should also follow this style and stick to the Chinese style. Consider ordering home-brewed rice wine, sorghum wine and white wine from farmers in the countryside, as well as other traditional Chinese drinks such as yellow wine, Shao wine, fruit wine and dew wine. Of course, a variety of teas from the North and South must be available, with green, black and oolong teas a must.

In terms of prices, the various charges can be appropriately put up. As a Chinese bar with almost no competition in the market, it is reasonable to calculate and set the price standard on the basis of maintaining a gross margin of around 60% by adding up the drinks and service charges.

### 4.3 Promotion

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

Presented.

When guests consume at the bar, give them a new drink or small food item for free to stimulate their consumption. Or to encourage guests to consume more, a free drink is given to guests who consume a lot of drinks to stimulate other guests to consume. The free gift is a symbolic promotion and the price of the drink is generally not high.

Coupons or VIP cards.

When a bar holds a specific event or new product promotion, coupons or VIP cards are sent to the guests in advance in a certain way, and when they hold the coupons and spend with the cards, they can get certain discounts. This method should be limited to a specific range of guests. For regulars who visit the bar, a voucher or VIP card is given to the customer, and as long as the customer visits the bar and presents this card, he/she can enjoy the discounts given in the card, in order to attract customers to visit the bar repeatedly.

Discount.

A discount is a sale at the original price at a specific time. Discounts are mainly used when customers come in the off-season, or to encourage a certain amount or number of purchases. This method will give the consumer a direct benefit at the time of purchase as the surface is very attractive.

Alcohol is included in the ticket.

Many bars often include a free drink in the price of admission to encourage patronage of the bar. Some premium bars and booths often have a minimum spend, which essentially means that a minimum standard amount of alcohol must be consumed in the bar.

Matching sales.

Bars to increase the consumption of alcohol, often in the drink, entertainment, play and other bar series of activities are taken supporting services. For example, some bars include karaoke in the price of drinks or include alcohol in certain entertainment items.

Time period promotions.

The vast majority of bars operate under time constraints. Bars often take discounted prices on drink prices, venue charges and box minimums in order to increase equipment utilisation and takings out of hours.

#### **4.4 Distribution**

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

People usually pay little attention to the operating model, the key to the work is to think about how to sell the product to the dealer, but little attention to the adverse effects of the operating model is the product accumulation to the

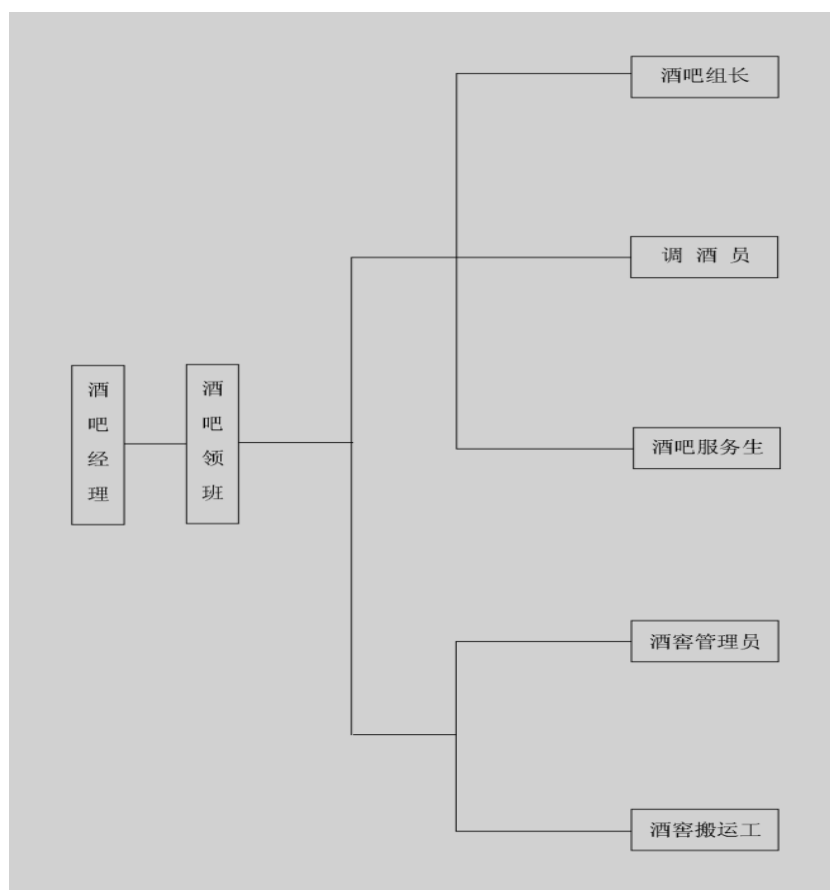
dealer, blocking the channel. Dealers in order to better save the heavy money, only to dump the goods, which will certainly stir up the producer's price policy.

Therefore, it is important to take into account the interests of customers, distributors and manufacturers in order to capture the market in a sustainable way, and it is important to continuously improve the distribution network.

## Section 5

### Management Team and Corporate Structure

#### 5.1 Bar Organization Chart



#### 5.2 People Functions

##### Bar Manager Job Description

Supervise the implementation of the company's business policies and strategies and the implementation of training programmes.

Guiding and inspecting the work of subordinates.

Establish standards for the preparation of alcoholic and non-alcoholic beverages.

Checking and approving drink requests completed by bartenders, checking daily drink consumption and replenishing the bar in a timely manner.

Employees are regularly assessed and issued with fault tickets or rewards.

Regular annual promotions based on achievements and contributions.

Organise staff to provide bar service for various banquets and conferences.

#### Bar Foreman Job Responsibilities

Supervise subordinate staff to serve guests with enthusiasm and consideration in accordance with operational procedures and to respond promptly and sensitively to guest problems, complaints and requests.

Responsible for staff attendance, scheduling of work shifts, checking staff appearance and grooming, and preparing for business.

Check that each bartender is accurate, skilled and attentive when making drinks.

Check the cleanliness of the bars, wine coolers, freezers, etc.

Provide business training to staff to improve their quality, bartending skills and service levels, and regularly evaluate their performance.

Responsible for the care and management of barware.

Assist in the promotion of production on the floor while controlling the production cost rate as planned.

#### Responsibilities of the Bar Leader

The Bar Team Leader is under the direct supervision of the Bar Foreman and is responsible for supervising staff to ensure that their work and presentation is of a high standard to ensure the smooth running of the business.

The Bar Team Leader is dedicated to the supervision and cleaning of the bar operations.

Responsible for supervising the grooming and character of staff and their attendance.

Checking of bar business accounts and statements.

The bar leader often assists and helps the foreman or manager in the on-the-job training of the staff in bartending.

The bar manager should always be aware of the bartender's behaviour to prevent them from cheating to increase costs.

### Barman Job Duties

Carry out instructions from superiors and work hard to complete the tasks assigned by them.

Business savvy and proficient in the use of various tools and utensils in the bar

Correctly prepare various popular cocktails and ensure the quality of various drinks.

Awareness of the characteristics of the drinks served and their drinking forms, and a certain knowledge of alcoholic beverages.

Know some basic service knowledge, be good at selling drinks to guests and try to serve and receive well.

Strengthen your business studies and continuously improve your professionalism.

Complete daily cleaning and sanitation duties as directed by the Bar Foreman.

A good working relationship should be maintained with the floor attendant.

Have some knowledge of catering hygiene and complete all tasks in strict accordance with the requirements of catering hygiene.

### Bartender Job Description

The bartender reports directly to the bar foreman and team leader.

Responsible for the dispensing of alcohol and drinks, and the cleanliness and hygiene of the bar.

Responsible for all preparations before the bar opens.

Soliciting customers and accepting mixed drinks and beverages from them.

Responsible for the reporting of alcohol sales accounts and supervising the waiters.

Checking the stock of alcohol and beverages and taking stock of the bar.

### Wine Storekeeper Job Description

The Wine Storekeeper is directly under the authority of the Bar Manager or Bar Foreman.

Responsible for managing the storage of alcohol and beverages in the bar.

Responsible for taking an inventory of alcohol and beverages, as well as requisitioning used alcohol and beverages from the Purchasing Department.

Wine Store Porter Job Description

Responsible for the handling of wine in the wine store.

He is also responsible for the organisation of the wine and the cleaning of the wine store.

Distribute or carry alcohol and beverages.

### **5.3 Management organisation**

We have a board of directors to monitor, the general manager is responsible for the system, financial control by the general manager signed and signed by the directors. In other words, the General Manager is responsible for the administration, personnel, business model, wine pricing, publicity and planning arrangements and submits them to the Board of Directors for approval.

## Section 6

### Operations and Production Plan

#### 6.1 Operating Models and Procedures

Main Stage.

Retro decoration, minimalist lines, regular invitations to residencies, music in the style of oldies and folk songs

Twenty-four tables.

Named after the twenty-four Chinese solar terms, it takes on a classical, comfortable décor.

Liquor pricing policy.

We sell our drinks at the same price as other bars, with a gross profit of around 55%-60%, and do not get involved in any price wars.

Awareness of service.

We will train our staff in good work ethics, forward thinking and ambient promotion, rather than distressing direct sales, and we will implement a target profit bonus system to increase staff optimism.

Organizational structure.

We have a board of directors to monitor, the general manager is responsible for the system, financial control by the general manager signed and signed by the directors. In other words, the General Manager is responsible for the administration, personnel, business model, wine pricing, publicity and planning arrangements and submits them to the Board of Directors for approval.

#### 6.2 Location of operations.

Within the Taikoo Li commercial area, Jinjiang District, Chengdu

### 6.3 Facilities and equipment

Main stage design, stage benches, lighting, air conditioning, fire and other lighting and sound in the venue

Includes licence, clothing, production equipment, utensils, initial staff costs, rented accommodation

### 6.4 Operational strategies and plans

Wine ah: with the theme of old-fashioned music [guofeng, folk, etc.]

The theme is Chinese culture. The music is not as overt as Disco, but rather introspective and relaxed, suitable for today's casual and fashionable culture. The rhythm of the music is below 128 BPM, giving the user a comfortable experience, unlike

The crazy twang of the DISCO. The volume is not as deafening as the DISCO, but rather filtered and clear, with no distractions from the conversation.

2. The drinks are in the form of a set menu, forming a guided consumption, so that consumers who come to the bar have an intuitive consumer guide and can feel understood and affordable from it. In addition to the bar's existing drinks board, add a special bar package card to each table companion.

3. Provide good service and excellent products to every customer who comes to the bar. To be truly at home.

4. The bar has a monthly themed event, e.g. themed on the seasons, weather, etc.

### 6.5 Challenges and risks

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

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

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

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

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

## 6.6 Costs

Input budget

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

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

Month	1	2	3	4	5	6	7	8	9	10	11	12
Operating income.												
Revenue from drinks and snacks	400.00	100.00	500.00	500.00	500.00	500.00	150.00	150.00	500.00	500.00	400.00	400.00
Box revenue	30.00	10.00	45.00	45.00	45.00	45.00	15.00	15.00	45.00	45.00	30.00	30.00
Operating expenses.												
Commodity material costs	185.00	45.00	227.50	227.50	227.50	227.50	67.50	67.50	227.50	227.50	185.00	185.00
Salaries and Benefits	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00
Shop rent	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Utilities	15.00	5.00	22.50	22.50	22.50	22.50	7.50	7.50	22.50	22.50	15.00	15.00
Depreciation	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Newspaper and magazine fees	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Advertising, promotional	2.00	2.00	8.00	2.00	2.00	2.00	2.00	2.00	8.00	2.00	2.00	2.00

expenses												
Other daily expenses	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sales tax	28.38	7.26	35.97	35.97	35.97	35.97	10.89	10.89	35.97	35.97	28.38	28.38
Profit amount	102.62	(46.26)	154.03	160.03	160.03	160.03	(19.89)	(19.89)	154.03	160.03	102.62	102.62
Accumulated profit	102.62	56.36	210.39	370.42	530.45	690.48	670.59	650.70	804.73	964.76	1067.38	1170.00

Working capital: 200,000 Pre-advertising: 100,000

Total investment of RMB3 million

## Section 7

### Financial Projections

#### 7.1 Sources of funding and description of use

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

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

#### 7.2 Table of assumptions

The business is primarily a merchandise seller and also provides business services such as films and events, which for convenience are calculated at a flat rate of 6% VAT.

#### 7.3 Income statement

The Summer Solstice Chinese Bar:	Unit: Ten thousand Yuan				
Project	2023	2024	2025	2026	2027
1. Operating income	100.00	250.00	400.00	600.00	800.00
Less: Operating costs	40.00	87.50	140.00	180.00	240.00
Expense of sales	20.00	25.00	40.00	60.00	80.00
Administrative expenses	20.00	20.00	32.00	48.00	64.00
Financial expenses	5.00	7.00	15.00	17.00	18.00
2. Operating profit (loss marked with "-")	15.00	110.50	173.00	295.00	398.00
3. Total Profit (total loss marked with "-")	15.00	110.50	173.00	295.00	398.00
Less: Income tax expense	3.00	22.10	34.60	59.00	79.60
4. Net Profit (Net loss marked with "-")	12.00	88.40	138.40	236.00	318.40

## 7.4 Cash flow statement

### Cash flow statement

The Summer Solstice Chinese Bar:

Unit: Ten thousand Yuan

project	2023	2024	2025	2026	2027
1. Cash flows generated from operating activities					
Cash received from sales of goods	91.35	223.20	371.71	557.45	716.29
Subtotal of cash inflow from operating activities	91.35	223.20	371.71	557.45	716.29
Cash paid for goods purchased and services received	30.00	112.50	222.76	276.00	373.34
Cash paid to and for employees	16.00	16.00	24.00	38.00	59.00
Disburse other cash in connection with operating activities	8.00	17.48	12.52	24.00	43.00
Subtotal of cash outflow from operating activities	54.00	145.98	259.28	338.00	475.34
Net cash flow from operating activities	37.35	77.22	112.43	219.45	240.95
2. Cash flows generated from investment activities					
Cash paid for the construction of fixed assets, intangible assets and other assets	27.00	7.00	6.00	8.00	
Net cash flow from investing activities	27.00	7.00	6.00	8.00	3.00
3. Cash flows generated from financing activities					
Absorb cash received from investments	40.00	-	-	-	-
Obtain the cash received for the loan	40.00				
Subtotal cash inflow from financing activities	80.00	-	-	-	-
Cash paid to repay a debt	40.00	-	-	-	-
Cash paid to distribute dividends and profits and pay interest	-	50.00	84.00	100.00	158.40
Net cash flows generated from financing activities	40.00	50.00	84.00	100.00	158.40
Net cash flow	50.35	20.22	22.43	111.45	82.55
Legal Representative:			Head of accounting :		

## 6.8 Balance Sheet

### Balance sheet

Name of Company:

2021/12/31

Unit: Ten thousand Yuan

project	End of 2022	End of 2023	End of 2024	End of 2025	End of 2026
Monetary funds	50.35	70.57	93.00	204.45	287.00
Accounts receivable	14.00	36.59	27.49	17.00	23.00
Other accounts receivable	8.00	10.40	6.00	12.00	18.00
inventory	10.00	20.00	23.00	18.00	14.00
Total current assets	82.35	137.56	149.49	251.45	342.00
Fixed assets	20.00	22.00	18.00	20.00	18.00
Work in progress	-				-
Intangible assets	7.00	10.00	8.00	8.00	10.00
Long-term deferred expenses	-				-
Total assets	109.35	169.56	175.49	279.45	370.00
Short term borrowing	40.00				
Accounts payable	10.00	35.00	15.24	40.00	68.00
Taxes payable	2.35	6.16	9.85	15.45	21.30
Other payable payments	5.00	10.00	12.00	8.00	20.70
Among them: interest payable	1.74				
Total current liabilities	57.35	51.16	37.09	63.45	110.00
Total liabilities	57.35	51.16	37.09	63.45	110.00
equity	40.00	80.00	80.00	80.00	80.00
Reserve of capital					
Undistributed profit	12.00	38.40	58.40	136.00	180.00
Total owners' equity	52.00	118.40	138.40	216.00	260.00

## 6.9 Ratio Analysis

	2023	2024	2025	2026	2027
Ratio of current flow	144%	269%	403%	396%	311%
Cash ratio	88%	138%	251%	322%	261%
	2023	2024	2025	2026	2027
Growth in sales	100.00%	150.00%	60.00%	50.00%	33.33%
Gross profit margin	60.00%	65.00%	65.00%	70.00%	70.00%
Proportion of total current assets	75.31%	81.13%	85.18%	89.98%	92.43%
Return on equity	37.50%	138.13%	216.25%	368.75%	497.50%
Net cash from operations ratio	65.13%	150.94%	303.13%	345.86%	219.05%
Asset-liability ratio	52.45%	30.17%	21.14%	22.71%	29.73%
Debt to equity ratio	110.29%	43.21%	26.80%	29.38%	42.31%
Net present value	50.35	20.22	22.43	111.45	82.55
Payback period	3 years				

Sales growth rate =  $\frac{\text{current sales growth}}{\text{last year's sales}} = \frac{(\text{current sales} - \text{last year's sales})}{\text{last year's sales}}$

Gross margin =  $\frac{(\text{Sales revenue} - \text{cost of sales})}{\text{Sales revenue}} \times 100\%$

Total current assets ratio =  $\frac{\text{Current assets}}{\text{Total assets}} \times 100\%$

Net cash from operations ratio =  $\frac{\text{net cash flow from operating activities}}{\text{total liabilities}} \times 100\%$

Asset-liability ratio =  $\frac{\text{total liabilities}}{\text{total assets}} \times 100\%$

Debt-to-equity ratio =  $\frac{\text{total liabilities}}{\text{total equity}}$

### Return on investment (ROI)

Year	2023	2024	2025	2026	2027
Net profit	12.00	88.40	138.40	236.00	336.40
Average net profit	162.24				
Total investment	120				
Return on investment (ROI)	135%				

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## Biography

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