



RIDA FRESH FOOD E-COMMERCE

by

CHENYUAN GAO

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

SOUTHEAST ASIA UNIVERSITY

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Abstract

At present, the fresh food retail market is still dominated by individual households in the form of husband-and-wife stores, roadside stalls and vegetable markets, which are inexpensive but of average quality and do not have advanced marketing concepts and service strategies. In this paper, we use PEST analysis, SWOT analysis and economic and technical indexes to analyze the success and failure of fresh food retail projects and plan for the future of the projects in terms of environment analysis, market analysis, competition strategy, operation management, service marketing, marketing promotion strategy and financial and economic indexes. The results of the net present value is 7794210 and discounted cash flow rate of return is 1.87.

Keywords: Fresh food, E-Commerce, Marketing strategy

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Section 1

Executive Summary

In the early 1980s, Beijing's vegetables were purchased and sold on a collective basis, and foreign supplies were basically not allowed, so every year in late summer and early autumn, the shelves of hundreds of vegetable farms were empty, except for potatoes, pumpkins and other natural products with a long shelf life. In addition to potatoes, squash and other categories with a long shelf life, only onions, ginger, garlic and chili peppers and other seasoning products. The government has to subsidize a huge amount every year, only in 1984 Beijing vegetable subsidies reached 90 million yuan, but the huge financial subsidies still did not solve the "difficult to buy vegetables", reform is imminent.

In 1985, Beijing officially liberalized the vegetable market - allowing foreign vegetables no longer need to enter Beijing with a certificate, with vegetables directly into Beijing. It was also in this year that 15 farmers gathered 150,000 yuan in start-up capital, circled 15 acres of land, used barbed wire as fences, and tricycles as shelves to start preparing for the vegetable market. Today, this small vegetable market, which was not known back then, supplies up to 80% of vegetables and 90% of fruits in Beijing, and has become the largest vegetable and fruit market in Asia, which is called Xinfadi.

In 1987, Shanghai was hit by a rare meteorological disaster in 114 years. The extreme weather destroyed 40,000 mu of vegetable production base, pork stocks were

about to top out, and Shanghai's "difficulty in buying vegetables" was imminent. The mayor of Shanghai at that time was worried about how to allocate the people of the city to find vegetables became his top priority. In addition to organizing farmers to harvest and plant, he decisively sent various deputy mayors to act as "senior buyers" throughout the country to negotiate with sister provinces and cities to increase the supply of food and fresh agricultural products.

In 1988, Shanghai's successful experience was replicated nationwide, and the Ministry of Agriculture officially proposed the "vegetable basket project". In 1988, Shanghai's successful experience was replicated nationwide, and the Ministry of Agriculture formally proposed the "vegetable basket project", which gradually formed the supply chain of fresh produce for Chinese urban residents: planting - wholesale markets of origin - transportation - wholesale markets of sales - Food markets, marketplaces, supermarkets - consumers. This solid chain has effectively guaranteed the rapid expansion of China's urbanization and has been running in an orderly manner for more than 30 years, with tens of millions of ordinary people making a living in this chain.

Compared with the traditional fresh food industry, the development of fresh food e-commerce can be said to be "up early, catch a late set." In 2005, it was regarded as the first year of China's fresh produce e-commerce. At this time, Taobao and Jingdong Mall had just been established for a year or two, and online shopping was

not even popular yet. In Shanghai fresh market, there was an electric business named "Ego Fresh".

Online e-commerce started in the 1990s after more than 20 years of development, and now home appliances, cell phones and computers, clothing, snacks, daily necessities and even furniture and cars have become the mainstay of e-commerce sales. Although the fresh food industry has been exploring the development of online business regardless of the industry or cross-border, the development of fresh food products is still limited because of their short shelf life, transportation difficulties and high requirements for timeliness, and the proportion of sales in the industry is still low.

Fresh food retail generally faces the problem of "low gross profit and high loss", and although the market size is large, it is constantly expanding and difficult to make profit. This new retail concept has attracted widespread attention from the community. In September 2017, Alibaba's new retail platform " Freshhema" opened 10 stores in five cities: Shanghai, Beijing, Hangzhou, Shenzhen and Guiyang on the same day. In the face of the new era, consumers' demand for fresh products is becoming more diversified and more focused on product quality, and the fresh food e-commerce industry is gradually transforming to offline.

The fresh food supermarkets are based on the community consumers, mainly fresh food products, but also snacks, drinks and daily necessities. This type of community fresh food stores, generally opened in the vicinity of the residential

community, the target customer base is locked in the surrounding community, according to the residents of the three meals a day, holidays, eating habits, etc., to provide residents with the products they need daily, to provide a quick and safe shopping scene.

In addition to the above-mentioned major fresh food retail formats, the current fresh food retail market is still dominated by individual households, roadside stalls and vegetable markets in the form of husband-and-wife stores, which are inexpensive but of average quality and do not have advanced marketing concepts and strategies. The new retailers such as Meicai, Freshhema, Daily Fresh, Dingdong Buy, etc. have considerable marketing, brand, supply chain and capital advantages, but there have been many store closures and even bankruptcies due to over-expansion and poor operation. The fresh food retail industry has not yet formed a mature, market-tested model, which also provides opportunities for entrepreneurship.

The fresh food industry has seen a new reshuffle with the arrival of the capital winter, and the fresh food industry's exemplary learning object, the fresh food e-commerce giant Daily Fresh, is now in crisis. halfway through 2022, the fresh food e-commerce market, which was on fire due to the epidemic, suddenly ushered in an explosive news, the domestic "fresh food first stock" Daily Fresh The daily freshness is on the verge of collapse. In order to live in the fresh food industry, we must seriously study and analyze what customers want, where customers are satisfied and what they are not satisfied with, and do more homework in the supply chain, good procurement

and inventory management, but also in the sales channels, promotion and sales promotion under the hard work to expand sales dilution of fixed costs, only then can we survive and develop in the market competition in the cracks.

Section 2

Company Description

2.1 Company History

Xi'an Rida Fresh Technology Co., Ltd. was established in August 2022, the company plans to initially invest 1.2 million yuan for the opening of the first store. Land area: 120 square meters, the existing staff of 5 people, the company's legal representative: Chenyuan Gao. Registered in Weiyang District, Xi'an, Shaanxi Province, the company's main business is the wholesale and retail of grain, oil, rice and noodles, fresh and dry miscellaneous, fruits and vegetables, aquatic and meat products, as well as snacks, alcoholic beverages and other businesses.

2.2 Mission Statement

The company is located in the goal of "being a community fresh food retail brand chain store with customer satisfaction", adhering to the value of "making cooking at home more convenient and family life more warm", and striving to become a community fresh food retail brand business. The company will adhere to the principle of steady and stable development, not aggressive expansion, to achieve a step-by-step development. By opening stores in the same area, we can quickly achieve scale effect and cost optimization, thus becoming an excellent fresh food retail company.

2.3 Products and Services

2.3.1 Project Products

At present, the planned commodities mainly involve fruits and vegetables, dry and miscellaneous seasonings, aquatic meat and snacks and drinks, etc.

(1) Fresh products: fruits, vegetables, meat, eggs and milk, soy products, aquatic seafood, rice, noodles and miscellaneous grains, edible oil, etc.

(2) Dry and miscellaneous seasonings: ingredients and kitchen supplies such as soy sauce, pepper oil, Lao Gan Ma, vinegar, cooking wine, olive oil, MSG, chicken essence, pepper, fennel, salt, sauerkraut fish hot pot and other kinds of seasonings.

(3) Snacks and drinks and others: all kinds of brand snacks, drinks as well as tobacco and alcohol.

2.3.2 Project Services

Combined with the establishment of quality management certification system, the company has set up a set of customer-centric pre-sales and after-sales service system.

(1) Pre-sales service:

Update the company's website with complete information on a daily basis so that consumers can see a variety of products online in a timely manner. Instantly answer customers' online questions when buying fresh food online and give certain discounts; choose a time slot at home for delivery after customers place their orders.

(2) After-sales service:

1) Product service: We purchase and wash the ordered agricultural products from the wholesale market of vegetables and fruits or the farms that have been certified as safe, weigh them by our company and pack them with environmentally friendly materials for refrigeration, and vacuum pack them for cooked food to ensure that all products are fresh and safe.

2) Delivery service: The products will arrive at each community on time in the fixed delivery period, and will be delivered on a special company truck to the entrance of the community, waiting for customers to pick up the products according to the order number. Staff will remind customers which products need to be refrigerated or disposed of immediately, and will also remind customers to check whether the products have quality problems on the spot, and if so, return the products immediately.

3) Complaint service: For the products found on the spot quality problems can be verified with the staff on the spot, and then immediately returned; for back in half an hour without artificial damage to the premise of the product quality can be found online and telephone complaints, the company will send special inspection personnel to confirm, if the situation is true, will be returned. For the staff's service attitude complaints, the company will apologize to customers and the staff's service attitude for guidance training.

4) Suggestions: For new products that appear on the market and are not updated or missed on the company's website, customers are welcome to make valuable suggestions and the backstage staff will update them in a timely manner. For other suggestions, after discussion, we will take some measures, and strive to do "customer is God, to meet customer needs".

2.4 Current Status

The first directly-managed store was established in Weiyang District, which has a high population density, convenient transportation and is near many medium and high-grade neighborhoods. The nature of the company is a limited liability company, the initial organizational structure to take teamwork, the implementation of the general manager responsible system. The company is now in the early stage of development, with a monthly income of about 30,000 RMB, and is continuously and steadily expanding its sales categories and increasing its inventory.

2.5 Legal status and ownership

Name of shareholder	Subscription amount (million yuan)	Shareholding ratio
Chenyuan Gao	40	33.33%
Kangkang Wang	20	16.67%
Maosheng Tian	20	16.67%
Fulin Gao	20	16.67%
Haiyang Hu	20	16.67%
Amount to	120	100%

2.6 Selecting the name for Business

According to the *Shuowen Jiezi*, the word "Rui" means "to use jade as a letter", that is, to use jade as a talisman and credential. "Rui" as a jade, not only as a token for issuing soldiers, but also as a token for sacrificing to the gods. According to Duan Yuche, Rui is a general name for jade vessels for sacrificing to the gods, and there are as many as fifteen kinds of jade vessels contained in *Shuowen Jiezi* alone. Sacrifice to the gods was a belief at that time, and Rui was the token of this belief. Rui is a token of this faith. The sacrifice to the gods was made in the hope of receiving divine blessing, and the jade served to strengthen or guarantee the blessing of the gods. This leads to the meaning of auspiciousness. The so-called auspiciousness is that the former people considered certain phenomena as auspicious omens. Just as taking Ruiyu as a military

talisman can summon soldiers and horses, so can auspiciousness bring good fortune.

This auspicious sign can also be called a talisman.^[1]

The choice of Rida as the name of the company contains the goal of the company to provide customers with an improved quality of life and to provide protection for their health and convenience.

2.7 Primary considerations in naming a business

Always fresh, safe, convenient, high-quality, inexpensive products and services, advocating the concept of safe, healthy and green consumption of fresh products.

2.8 Legal Issues

1. Name search for registered company. Applicants need to provide the original and copy of the investor's ID card and provide more than 5 company names.

2. Establish the scope of business.

3. Determine the proportion of investor's contribution.

4. Submit the name search form to the export of industry and commerce after 5 working days to receive the Notice of Name Pre-approval.

5. Engrave and receive the company seal. With the business license, go to the Public Security Bureau designated seal engraving point for: the company's official seal, financial seal, contract chapter, legal representative chapter, invoice chapter.

6. Open a capital verification account. Required materials "name pre-approval notice", investor ID card, legal person chapter, shareholder chapter, letter of inquiry, articles of association, shareholders' meeting resolution. After the account is issued, investors should inject capital verification money in proportion to their personal capital contribution. Receive the bank statement, incoming statement and letter of inquiry.

7. Issuance of capital verification report. Required materials bank statement, statement of entry, letter of inquiry, official seal, charter, capital verification report, receive capital verification report.

8. Submit registration materials. Required materials capital verification report, investor ID card, articles of association, shareholders' meeting resolution, lease agreement, real estate certificate, application for registration of business establishment, certificate of proxy. Receive the business license (front and back) 5 working days after submitting the materials.

9. Apply for the institutional code. Required materials official seal, corporate seal, business license, the identity card of the person in charge. Submit materials 5 working days after the submission of materials to receive the organization code certificate (original and duplicate + IC card).

10. Apply for tax registration certificate. Required materials investor ID card, business license, organization code certificate, capital verification report, lease agreement, property right certificate, financial induction certificate, financial ID card, tax registration application form and registration form of housing, land, vehicle and

boat situation, official seal. Receive the tax registration certificate (front and back) after 5 working days of submitting the materials.

11. Open a basic account. Required materials business license, organization code certificate, tax registration certificate, corporate ID card, official seal, financial seal, corporate seal, bank settlement account application form and other bank application materials. Receive the account opening license and enterprise credit rating certificate after 5 to 20 working days after submitting the materials. Sign the tax deduction agreement with the bank.

12. Cancellation of capital verification account. Required materials business license, organization code certificate, tax registration certificate, account opening license, corporate ID card, shareholder ID card, official seal, financial seal, corporate seal, shareholder seal, application for account cancellation, and list of account cancellation. Capital verification account cancellation will automatically withdraw the registered capital of the capital verification account to the basic bank account.

13. approved tax. Required materials business license, organization code certificate, tax registration certificate, account opening license, legal person ID card, shareholder ID card, official seal, financial seal, tax deduction agreement, CA certificate, lease agreement, lease invoice, tax preparer ID card.

Section 3

Industry Analysis

The fresh food retail industry is an ancient industry that has existed and developed for thousands of years since ancient times. Unlike the changing, complex and unpredictable environment faced by emerging industries like the Internet, artificial intelligence and cloud computing, fresh food retail faces a stable and predictable environment, which also provides a good basis for environmental analysis.

3.1 Industry Size, Growth Rate, and Sales Projections

According to the relevant statistics released by Wisdom Research Consulting, China's fresh food market size has maintained a growth rate of more than 6% for nine consecutive years since 2013, and the fresh food market size exceeded 5 trillion yuan in 2021 and is expected to reach 5.3 trillion yuan in 2022. Based on China's huge population base and growing urbanization rate, coupled with the continuous upgrading of residents' consumption level, China's fresh food retail market has a broad space for development. And during the epidemic in recent years many homebound people have a greater demand for fresh food e-commerce. Like in Beijing and Shanghai, Freshhema's sales have grown exponentially at that time.

At present, the oldest fresh food supermarket in Xi'an fresh food market is Yonghui Supermarket. Yonghui features fresh food products, attracting customers with

high-frequency consumption of fresh food products and driving the sales of other products to achieve the overall business performance target. With its brand advantages and upstream and downstream supply chain integration resource advantages, the products of high quality and reasonable prices, Yonghui occupies a place in the market and in the minds of consumers. In addition to the old fresh supermarkets like Yonghui, the emerging Jingdong 7FRESH and Ali's Freshhema have been recognized by consumers, especially the young and high-income groups, through huge capital investment and traffic import from Jingdong Ali in recent years, relying on their strong shareholder backgrounds. However, they also face the problems of weak growth, huge investment and long payback period.

3.2 Industry Characteristics

Fresh food is a necessity in people's daily life and occupies an important position in the social retail market, especially in large supermarkets, where "the one who gets fresh food gets the world". China has a large population and agriculture is the basis for the development of the industry, so the fresh vegetable delivery industry is facing a large volume market with great development space and potential. At present, the large volume of vegetable delivery companies have not yet appeared, and there are many brands around, although the first-tier cities are quite competitive, especially Guangzhou, Shanghai, Shenzhen, these areas. But in some second- and third-tier cities and counties, townships, towns and other regional coverage rate is very low, and some

even did not cover. If you can do a wide range of service coverage, vegetable delivery service industry will bring convenience to many cities, the development is also more rapid!

3.3 Industry Trends

Over the past 40 years, China's cities have developed greatly in both quantity and quality, with the population density in urban areas increasing and the number of urban communities increasing year by year. Xi'an in particular has gained tremendous development, with the built-up area of the city reaching 868.2 square kilometers, the resident population reaching 13.163 million, and the number of neighborhoods having exceeded 10,000, with an increasingly large urban pattern. Along with the expansion of the urban area of Xi'an and the renewal of the old city, the number of traditional farmers' markets has been decreasing year by year and gradually replaced by large supermarkets and fresh food supermarkets. Under the attraction of Xi'an's new talent policy, more than one million highly educated young people have settled in Xi'an. The frequency of young people visiting farmers' markets is getting lower and lower, and they choose supermarkets more often. From a comprehensive point of view, there is great potential for the development of fresh supermarkets in Xi'an market.

In October 2016, Jack Ma proposed the new retail concept of online and offline integration at the Ali Yunqi Conference, and then Alibaba opened the first Freshhema, which was hailed by the media as a model of new retail innovation, and the model of

"fresh supermarket + catering" blossomed everywhere. After the opening of its 100th store on December 12, 2018, Boxhema declared that it would open 1,000 offline stores in the future. 7FRESH, a fresh food retail platform owned by Jingdong, declared that it would also open 1,000 offline stores in the next 3-5 years.

3.4 Long-term Prospects

For the fresh vegetable distribution industry, the quality of cold chain logistics affects the normal operation of enterprises. But the current domestic vegetable distribution cold chain system and information exchange platform has not yet been built, in a state of constant groping in the dark.

Although the new crown pneumonia epidemic has brought great impact to many industries, but this will also transfer consumers to the network, which creates many opportunities and markets for many fresh vegetable distribution companies, the new crown epidemic has become the accelerator of the vegetable distribution industry. According to past habits, both young people and people at all stages of life, in the purchase of fresh vegetables more inclined to the surrounding markets or supermarkets. But under the influence of the epidemic, people's shopping behavior has changed dramatically, fresh vegetables, three meals a day is essential; to avoid direct contact with the crowd, buy vegetables online becomes no longer rare.

Before the epidemic, the vegetable distribution industry was not strongly connected with the Internet industry, and the businesses were still mainly in the

traditional way, because there were many problems with cold chain logistics and supply chain, and the development of the fresh vegetable distribution industry was hampered by the failure to improve the channels of various network platforms, but after the epidemic, it brought great changes.

In the face of such a market situation, before the industry has formed a replicable and universal business model, we stand on the shoulders of the pioneers and continue to explore a suitable business way and fresh food retail model, which must have good market potential and space.

3.5 PEST-based macro environment analysis

3.5.1 Politics

Since ancient times, the development of agriculture in China has been highly valued by the government, and the cultivation, transportation and taxation of fresh produce have been supported by national preferential policies. Prices, vehicle tolls, and the solution of VAT deduction issues and other aspects to give policy support to fresh produce enterprises. And in the foreseeable future, with the gradual implementation of the two reforms of "decentralization" and "tax reduction", the government policy environment will be more optimized, and the support for the fresh food industry will become stronger and stronger.

Xi'an, where this project is located, has been a national leader in policy support and business environment improvement. In the industrial and commercial

administrative license processing, deepen the "management and service" reform, relying on the "Shaanxi Government Services Network", a national integrated online government services platform to achieve the business license "online full process, after the optional Express mail service, - not even a trip". In our own case, the business license for the whole process online, without providing any paper documents, for the original busy in preparation for the opening of our business to reduce a lot of burden.

In terms of tax reduction and fee reduction, the "Announcement on Matters Relating to the Exemption of Property Tax and Urban Land Use Tax during the Epidemic (No. 4 of 2020)" was issued in March 2020 to provide property tax and land use tax relief to small and medium-sized enterprises during the epidemic, and also simplify the approval process of relief and exemption, directly by the competent tax authorities. Approval of relief. This initiative has played a great role in relieving the financial pressure of SMEs and alleviating the burden of taxpayers, especially under the current macroeconomic situation, the low consumption of residents and the difficulties faced by SMEs. In other policies, Xi'an city and Weiyang district government have given great support to the development of fresh food industry. The support policy for major farmers' wholesale markets in Weiyang district also provides a lot of convenience for our fresh food retailers, which helps to reduce our procurement cost and the closer distance also facilitates our timely replenishment, saves transportation time and transportation cost, and reduces inventory risk.

3.5.2 Economy

According to the relevant data released by China's Bureau of Statistics, the urbanization rate of China's resident population reached 64.72% in 2021, and the total urban population reached 914 million, which is 0.73 percentage points higher than the end of last year. The urbanization rate of China has increased by 1.2% annually in the past five years, and is expected to reach 70% by 2023, when the total urban population of China will reach 980 million. Especially in recent years, China's urbanization development strategy has shifted from the previous priority of developing small and medium-sized cities to adjusting to the metropolitan area and city circle model. This adjustment means that more people will gather in big cities, and the farmers and residents of small cities will become urban citizens, which means that the traditional messy and poor farmers' markets and even home-grown vegetables will become unrealistic, and the consumption of fresh products will rely more on urban supermarkets, and the scale of fresh retail market will usher in great development.

The per capita income of Xi'an residents has been growing steadily, and the per capita GDP has exceeded 83,700 yuan. The per capita consumption expenditure has also been growing year by year, and the residents' demand for fresh produce consumption upgrade has become more and more urgent. Driven by the upgrading of fresh produce consumption, a number of fresh produce merchants with organic and green features have emerged, which in turn promote the upgrading of consumption. However, compared with the developed countries in the West, the fresh food retail

industry in Xi'an still has much room for improvement in terms of professional operation and standardized products.

Xi'an, as a rising star among the new first-tier cities, is renowned nationwide and globally for its positioning as the capital of food, fashion and leisure. Xi'an has become the economic and cultural center of the northwest and even the whole western region. The basic factors of Xi'an's large population base, high urbanization rate and fast growth rate of urbanization determine that Xi'an's future fresh food supermarket business will definitely see good development.

3.5.3 Society

The Chinese people's pursuit of a good diet is tireless, and the "China on the Tip of the Tongue" has spread all over the country, especially in recent years, as people's pursuit of quality of life is getting higher and higher, the demand for fresh products is also getting higher and higher, especially imported products, green products and organic products have become the hot choice for everyone. This diversification of demand not only brings the demand for diversified products to the fresh food retail industry, but also brings the problem of unconformity to the fresh food retail enterprises when expanding to other places.

Xi'an, known as "Chang'an" and "Haojing" in ancient times, is an important birthplace of Chinese civilization, where the emperors of 21 dynasties built their capitals and became emperors. In the long history, this ancient land has given birth to

one earthly delicacy after another, from the palace halls down to the fields, all of which have been praised. In Xi'an, food culture is an important part of Xi'an culture. To this day, when you walk into the Xi'an Snack Street, you will find a wide range of delicacies, sour, spicy, sweet, salty, with soup and rice, and some old stores have been in existence for more than a hundred years, making them uncompromisingly long-established in the region. Mutton bun, bun with preserved meat, meatball and spicy soup, Qinzhen rice skin, goulash chicken, Qishan bashful noodles, dumplings in sour soup and many other delicacies are all mouth-watering.

The food habits in Xi'an and the pursuit of food and love of food are both challenges and opportunities for our fresh food retailers based in Xi'an. The high demand of Xi'an consumers for food means that we have to control the quality of fresh products and provide high quality fresh products to our customers. On the other hand, Xi'an consumers' pursuit of good food also means a large fresh food retail market.

In addition to eating habits, in terms of culture, compared to Western countries, Chinese people's pursuit of a meal is not only for a delicious meal, but also a reunion and a good communication time. In the eyes of the Chinese, cooking at home is no longer just a meal, but more of a family reunion and the maintenance of family ties. The Chinese diet is much more complex than Western food, and the demand for fresh produce is also high, while the family shopping together is a family activity to maintain

the emotions of family members. Chinese social and cultural customs have contributed to the development of the fresh food retail industry.

3.5.4 Technology

In the past, fresh products were limited by transportation conditions, cold chain logistics technology and equipment level, long and short distance logistics and last mile distribution services, etc. The fresh industry has been limited to small regional shopping areas, non-seasonal, non-local fresh products at high prices, which restricted the development of the fresh industry. Nowadays, with the development of Internet, Internet of Things, high-speed and air transportation, and cold chain logistics, these problems no longer exist. Moreover, with the development of artificial intelligence, big data and Internet of Things technology, the level of specialization in fresh produce production has been greatly improved, not only to achieve the full logistics tracking, but also to achieve commodity traceability. The logistics conditions are getting better and better, and the preservation technology of fresh products is getting higher and higher, these technical conditions have started an important role in reducing product loss and cost.

Section 4

Market Plan

4.1 Market Segmentation and Target Market Selection

Determining the target market is the first step in starting a business, but also the primary content of the enterprise marketing strategy planning, or the premise and basis of the enterprise to develop a marketing mix strategy. Through the market refinement selected target market, the formation of the enterprise's own market positioning.

The selected target market is important to the business activities of the enterprise, through the target market selection can analyze and discover market opportunities, analyze the market competition, discover potential markets, timely development of new products, but also more effective marketing strategies to better meet the needs of consumers, so as to win the market competition and improve the business efficiency of enterprises.

4.1.1 Market Segments

Market segmentation is based on a variety of factors, such as industry, geography, customer type, usage rate, etc. Target customer groups are different, and the needs of each group are different. Our fresh food retail products are mainly for families and individuals, so we will segment mainly in terms of customer types.

Based on the classification of consumer income and consumption, the consumer population can be divided into four categories: high income high consumption, low income high consumption, low income low consumption, and high income low consumption. There are significant differences in age, occupation, education level, monthly household income, and frequency of cooking at home among the different groups, and the characteristics of these four categories are described as follows.

The first category: high income and high consumption. These people have high education level, high income level, low price sensitivity to products, but high demand for product quality and shopping experience, have great consumption potential, if they can be attracted to become our loyal fan level customers, will become our cash cow level customers.

The second category: low income and high consumption. Housewives, college students this category of people have more free time, although they do not have their own income, but they have other sources of income and generous, new consumption concept, willing to pay for the sentiment, for the feeling.

The third category: low income and low consumption. These people are mainly migrant workers, odd-jobbers and general workers, who have lower income, heavier family burden, simple life, higher price sensitivity to fresh products and more traditional consumption concept.

Fourth category: high income and low consumption. White collar workers, government employees and private owners are the mainstay of families with medium age, stable work and high income, and their shopping concept is relatively new. In addition, most of these people have their own families, and although they are busy with their daily work, they still need to cook at home because of their children or the elderly, so their demand for delivery services is higher, and they are the most important consumer group of fresh products now and in the future.

4.1.2 Selection of the Market

According to the survey statistics, the most popular purchasing location for fresh produce consumption channels is fresh produce supermarkets, followed by vegetable markets, and then community fresh produce stores and e-commerce. One-stop shopping supermarkets, including Yonghui and China Resources Vanguard, are increasingly dense in the Xi'an market, and. This type of fresh food supermarket meets the residents' requirements for comfortable and integrated shopping, and is increasingly recognized and welcomed by consumers. Especially with the post-80s and post-90s becoming the main force of families, dirty and messy food markets are becoming increasingly unsuited to consumer needs, and supermarkets are taking up a higher and higher proportion of consumption channels. But after all, supermarkets cover a wide area and are not convenient enough for consumers. As a traditional fresh produce purchase point, vegetable markets have the advantages of low prices and

complete product supply, and have a certain degree of consumer stickiness, especially for post-60s and post-70s consumers, shopping at vegetable markets is not only a shopping behavior, but also a kind of sentiment. However, vegetable markets also have the problem of low quality and dirty shopping environment, and the proportion of fresh food consumption channels is gradually decreasing. Community fresh food stores and fresh food e-commerce are emerging fresh food consumption channels in recent years, and they are both in a rapid development stage. As consumers demand more and more convenience, quality and environment for fresh food consumption, community fresh food supermarkets will become the future trend. The fresh produce e-commerce is limited by the characteristics of fresh products that are not easy to preserve and transport, or limited to a small number of products. Most fresh products are not suitable for online consumption.

Therefore, we will be based on the positioning of community stores, taking community home users within 800 meters of the store as the target market, creating a fresh supermarket at the doorstep of community residents, creating the most convenient and cost-effective brand image, and becoming the back kitchen of community residents' families.

4.2 Buyer Behavior

Fresh product consumption has the characteristics of high frequency, immediate need and short radius. Most consumers do not like frozen and refrigerated products

and have high demand for freshness of fresh products, so they purchase fresh products more frequently. In terms of fresh product selection, vegetables and fruits, aquatic meats and cooked breads are the three categories that consumers buy most frequently. These three categories of products are essential to customers' daily life, with high sales volume and quick turnover.

However, according to the breakdown of our preliminary operation data, we found that the demand for vegetable products is high, but the loss is high, the gross profit is low, the unit price is also low, and the total sales and gross profit are average, which belong to the diversion type products; fruits, meat, deli food and other products have high gross profit, medium loss, and high unit price, which are the key categories for the store operation to make large scale and gain profit; other products such as edible salt, edible oil, soy sauce, cooking wine, vinegar, hot pot base and other condiments belong to the slow turnover and average gross profit. Other condiments such as edible salt, cooking oil, soy sauce, cooking wine, vinegar, hot pot base, etc. belong to the products with slow turnover and average gross profit, but these products have almost no loss and good profit stability.

In addition, snacks, beverages, tobacco and alcohol can be sold together, which can meet customer consumption needs and also enhance business performance and profits.

4.3 Competitor Analysis

4.3.1 Existing Competitor Analysis

The new community fresh food retail has been favored by various capitals in recent years because of its own advantages of traffic entrance, and it is still in the competition of various capitals because there is no profitable business model and no oligopoly has been formed yet. Although in recent years many online fresh food e-commerce layoffs, store closures, closures, but also like "Freshhema", "Jingdong 7fresh" and other online and offline integration of the development of new fresh food retailers are growing. Traditional farmers' markets are becoming increasingly unsuited to market demand due to the distance and lack of convenience, as well as the poor shopping environment and questionable product safety. Large supermarket chains are more expensive and also face the same problem of distance and inconvenience.

In the Xi'an Weiyang market, the competitors currently facing the industry can be specifically divided into the following.

(1) Self-employed: a surge in the number of husband-and-wife store openings, high market saturation and competitive pressure.

The first half of 2020 was affected by the new crown pneumonia epidemic, the number of unemployed people increased, and the price of fresh products rose, profits increased, and many neighborhoods around the fresh convenience stores competed to open. With the help of government policies to encourage stall operations, many stalls have also appeared in front of many neighborhoods and along the roadside of

main roads to sell vegetables. In the Weiyang District of Xi'an, organized vendor stall activities have appeared in several shopping districts. As for other mobile vendors selling fresh products at crossroads and by the side of traffic arteries with high traffic flow, there are countless.

Although these individual fruit and vegetable vendors are numerous, flexible, low cost and have certain competitive advantages, they have weak financial strength, weak marketing awareness, less product variety, and also have many problems such as poor shopping environment, general service, and incomplete categories. Fresh food retailing, on the other hand, requires high operational capacity, and individual merchants face greater operational pressure. They are more oriented to the low-income class, and their opening locations are mostly at the edge of the city, urban villages and other places. The Rida Fresh brand fresh food stores will mainly focus on the middle-income class and white-collar workers, competing with individual fresh food stores in the wrong position.

(2) Physical supermarkets: large supermarkets are not convenient enough, and small community supermarkets have limited volume and are still in the development period. Chain companies are more likely to focus on a certain region, and national expansion is facing unconventional conditions.

They operate in a wide range of categories, and fresh products are more often used as attraction products to drive the sales of other high-margin products, and large supermarkets are generally regional shopping centers, which are far from home and

less convenient. Recognizing this, large supermarkets have launched small community-based fresh food retail brands in recent years, such as the "Yonghui Life - mini store" of Yonghui Supermarket. However, in terms of the number of stores, they are still in the early stage of development.

At present, most of the small community fresh food chain superstores adhere to the expansion mode of 7-11, insisting on the regional deep plowing strategy, continuously improving the regional layout density, and continuously expanding to the adjacent areas where there are supply gaps, in order to achieve the optimal supply chain distribution, the lowest cost and the greatest brand influence. At the same time, a small number of companies, such as Yonghui, Yipin Fresh, and Qian Dama, represent the head of the company due to their own operational needs and huge financing, and rapidly expand across regions in order to occupy the market and eventually achieve the purpose of cashing out in the capital market. These enterprises have strong financial strength and take the market as their first goal, and will become our main competitors because they are willing to lose money and require low profits.

The earliest fresh produce chains are fruit products, with national fresh produce chains such as Baigouyuan, Daily Fresh and Fresh Fruit all focusing on fruit as their main products. The main focus of the freshness of the whole category of business, such as Anhui "fresh legend", Henan "kitchen fresh life" and other fresh supermarkets have typical regional characteristics, relying on their own familiarity with the region's consumer habits, strong supply chain integration capabilities, deep plowing the region,

rapid The company has been able to achieve local chain operation by relying on its own familiarity with consumer habits in the region and strong supply chain integration ability. However, due to the lack of supply chain extension capability, large-scale national expansion has not yet started.

In Weiyang District and the surrounding market, large supermarkets are represented by Yonghui Supermarket, Renren and China Resources Vanguard, all of which are located in large shopping centers, with complete product categories, reasonable prices, guaranteed quality and wide radiation range, but they are far from many communities, and are still more of a choice for weekend shopping. Many customers buy frequently for the sake of freshness, and do not purchase and store a week's worth of products at a time. Therefore, although these large supermarkets have many advantages in various aspects, there are obvious shortcomings in convenience.

Compared with these fresh supermarkets, Rida fresh competitive advantage will be mainly focused on convenience and service, through home delivery, vegetable cleaning and cutting, dish matching and other ways to let customers feel the convenience and warm service. Our disadvantage is that the price is no competitive advantage compared with the brand merchants.

(3) online e-commerce: rely on the burn mode to seize the market, the subsequent sustainable development capacity is in doubt.

Online shopping has become a habit of more and more people, but the fresh food industry is still very low in terms of online sales because of the characteristics of

products that are not easily preserved and have high requirements for timeliness. The market gap is also a market opportunity, in the industry has not formed a number of competition before the situation, all kinds of capital have layout. Fresh e-commerce brands are as many as there are, and the business model has its own distinctive features. Self-built logistics, the pursuit of 1-hour home delivery of love fresh bee, online order, offline fresh locker pick-up of the ego fresh, are the exploration of the future of fresh electricity business model, but are facing huge investment in the early, but difficult to profit.

In addition to these regional fresh food e-commerce platforms, backed by Ali, Jingdong, COFCO, Suning and other major shareholders of fresh food e-commerce platforms such as Meow Fresh, Jingdong to home, Suning fresh, and so on, although they have strong financial strength, strong shareholder background, but also on cost control, logistics and distribution and other aspects of the difficult to do standardized, low-cost operation, in the market promotion in the face of the development of user habits also still need to work, both The scale and profit are not satisfactory.

The local fresh food e-commerce retail industry in Xi'an is not well developed and there is a lack of well-known local fresh food e-commerce brands. In the current context, young consumers are more accustomed to online shopping, and the level of cold chain transportation of SF and Jingdong has been greatly improved, while online shopping is more optional.

4.3.2 Potential entrants

The fresh food retail market is still a hotbed of investment, although all kinds of capital have entered the fresh food retail market, Ali has Freshhema, Jingdong has 7Fresh, and Suning has Su Xiangsheng. But it is expected that there will be more including Internet giants, big brands, upstream and downstream enterprises and large supermarkets to enter the market, and the fresh food retail battle will be more intense in the future.

Xi'an also faces many potential entrants. In addition to the big-name investors who will increase their investment in the Xi'an market, there are also many local investors who are eyeing the Xi'an market.

4.3.3 Alternatives

As a necessity for people's life, fresh produce is irreplaceable. Although now with the development of the take-out market, as well as people's pace of life gradually become faster, food consumption habits change, eating out and ordering take-out gradually increased, but this is more concentrated in young single people, for the family is still home cooking is the main.

In addition to Meituan and Eleme, Huawei has also recently launched "Huawei Life Service No." to enter the local life O2O business, and has completed the recruitment of operators in the Xi'an market, and all the first and second circles, including Weiyang District, have entered the service scope of Huawei Life Service No.

It can be expected that the takeaway business, which is a substitute for fresh food retail, will usher in a new round of more intense competition, which will bring a wave of impact on fresh food retail.

4.4 SWOT Analysis

SWOT analysis is a combination analysis of the external environment and internal factors of a company. Combining the above analysis of various factors of the project, we can conclude the strengths, weaknesses, opportunities and threats of our Rida Fresh Fresh brand.

(1) Strengths: The project has experience in opening community fresh food convenience stores, and has experience in the success and failure of fresh food supermarket operation. Moreover, we have the relevant channels in the community property, so that we can carry out the corresponding community promotion and joint marketing activities.

(2) Weaknesses: As an individual shareholder-funded startup, the financial strength is weak, small scale, and no brand advantages have been formed. And in the face of competition from large chain brand fresh supermarkets, it also lacks the corresponding supply chain feeding advantage.

(3) Opportunities: With the encouragement of "mass innovation and entrepreneurship", the government has continued to simplify and decentralize the government and optimize the business environment, which is a good opportunity for

entrepreneurship and innovation. Even strong Internet giants like Ali, whose "Freshhema" is also facing the problem of some stores being closed down due to poor operation, are not yet a monopoly in the fresh food retail market, and small but beautiful is a major asset in the fierce market.

And this year, due to the impact of the epidemic, eating at home has become more popular, which has also boosted the sales of fresh products. Big-name fresh food retailers, along with the arrival of the capital winter, have also slowed down their expansion, and the vicious price competition situation in the market has greatly reduced, and the market has become more rational.

(4) Threats: In recent years, various new business models have emerged, and our model will be threatened and challenged by various new models in the market competition. Large supermarkets represented by China Resources Vanguard, new retail stores represented by Freshhema, Yipin Fresh and Jingdong 7fresh, and even the central kitchen model, which is still being explored, will all pose threats to our operation.

4.5 Estimates of Annual Sales and market share

	2023	2024	2025	2026	2027
Average daily passenger flow	100	125	150	175	200
Customer unit	20	25	30	35	40

price (yuan)					
Offline daily operating income (yuan)	2000	3125	4500	6125	8000
Offline annual revenue (million yuan)	73	114	164	224	292
Online average daily PV	1000	1380	1904	2628	3627
Order Conversion Rate	7.00%	10.00%	12.00%	15.00%	20.00%
Daily Order	70	138	229	394	725
Average consumption per order (yuan)	40.0	48.0	57.6	63.4	68.4
Online daily sales (yuan)	2800	6624	13163	24977	49635
Online annual revenue	102	242	480	912	1812

(million yuan)					
Annual sales revenue (million yuan)	175	356	645	1135	2104

4.6 Overall Marketing Strategy

In the face of the increasingly fierce competitive situation in the fresh food retail market, as well as the immaturity of the market model and the huge market space, we must find our own positioning, select the right target market, bring into play our comparative advantages, find market opportunity points and execute them precisely and efficiently to realize our business value. Specifically, we will mainly implement differentiation strategy, joint strategy and service marketing strategy.

4.7 Pricing Strategy

Our pricing strategy will be determined by three aspects: market price, product cost, and competition. Product cost is the basic factor that determines the product price, and must be considered in the formulation of the pricing strategy, such as the cost of purchase, loss rate, as well as housing rent, personnel wages, and marketing and promotion costs. In specific operation, we use 20% of the gross sales margin as the cost pricing benchmark to set the basic price of the product.

Competitive factors are also important factors that influence the pricing strategy. When facing fierce competition from competitors, we must also refer to competitors to pricing, only then can we not lose customers and win market occupancy when facing market competition. Specifically, in store operations, we will keep a close eye on the pricing of competing businesses, to take the same price than the quality of better, lower price of the same quality of pricing principles, such as the surrounding

orange pricing 1 yuan / kg, we will price 0.9 yuan / kg, especially in the early opening of the store, must obtain a competitive advantage in the price above. Only in this way can attract customers from other businesses to become their own loyal customers, and develop the consumption habits of customers to choose our stores.

4.8 Sales process and promotions Mix

Fresh produce is different from other products, the product shelf life is short, pay attention to fast consumption, reduce inventory, so the price must be based on the market, but also flexible pricing, only then can have a competitive advantage to ensure that the product does not lag. In the specific operation, we will adopt the principle of point-in-time pricing and product purchase date pricing, before 5 pm every day, before the arrival of the shopping peak of the residents after work to select slow-selling goods, fruit and vegetables in stock for more than one day as a promotional discount products, to take a discount way to quickly depletion, to avoid greater losses caused by product stagnation and decay.

In addition, we will also adopt the membership discount pricing model in pricing. Through the membership recharge and membership discount mode to achieve the purpose of attracting and retaining customers. Specifically, we will give great price discounts to member users, and take the strategy of giving away to customers who apply for membership, the more you recharge, the more you give away, recharge 100

get 20, recharge 200 get 40, recharge 500 get 100 strategy, and at the same time, recharge as a member can enjoy 20% discount on the whole dishes and fruits.

Although this membership price pricing strategy will bring a loss of profit, but for the stores in the early stage of business to attract a group of loyal customers for the future development is extremely important. Although there are many ways to achieve competitive advantage in marketing, but the most effective has proven to be price advantage, including the now hot live with goods model in the final analysis, in addition to better perception than traditional e-commerce, the main price advantage. Therefore, the membership pricing discount model is also a pricing strategy that we will adhere to.

4.9 Distribution and Sales

On the one hand, the fresh food retail business is basically for individual consumers, and it is a small transaction, so there are fewer retailers who carry out channel construction. Although the initial investment in channel construction is large, once it is established and perfected, it can bring us not only a single customer but a piece of customer base. On the other hand, with the development of online O2O platforms such as Meituan, especially young people prefer online shopping, online channel models, including Meituan platform shopping, WeChat group shopping, WeChat public number, etc. are also important aspects of marketing channel strategy.

Based on these two aspects, we propose the following two channel construction strategies.

4.9.1 Group buying

Group buying was once a major tool of Internet marketing, and although it is no longer in the limelight in recent years, it is still an important means of retailing for many companies. And now with the widespread use of WeChat, based on the group buying applet community grouping is also more convenient, grouping mode can not only expand sales, but also to achieve the sale of fixed into, can be based on the amount of grouping to determine the amount of subsequent purchase, effectively control the risk of inventory. Specifically, we will start from the following aspects:

First of all, considering the wide application of WeChat at present, we will use WeChat grouping small program as the store's own group buying carrier. By establishing an online WeChat group for customers, we will regularly release information on group products, giving priority to products with high total price, large gross profit and large volume in boxes, and using the group purchase to lower the purchase price and selling price for the benefit of customers, while we aim to expand sales.

Secondly, in the group marketing model, we will take three ways: the first is to set the minimum group purchase to meet the requirements of the group purchase, to reach this number to enjoy the ultra-low price, so as to encourage customers to forward more to achieve customer fission. At the same time also for pulling new

customers to free single reward to achieve viral marketing. The second is to design a relatively low price, requiring three people into a group, five people into a group, in order to single customer profit loss to bring the increase in the number of customers. The third is not to do any setting, carefully selected delicious products, direct purchase from the manufacturer, at a price lower than the market retail price, in the form of group purchase to the majority of customers.

4.9.2 Meituan as the representative of the takeaway-type platform channel sales

With the change of people's shopping habits and the development of online takeaway platforms such as Meituan and Eleme, as well as the improvement of logistics and distribution, takeaway sales are taking up a higher and higher proportion in the physical stores. We also adhere to the same online integration development model, mainly promoting Meituan and Eleme takeaway platform sales.

The sales performance of the takeaway platform depends on the exposure rate and the number of stores visited on the one hand, and the conversion rate of orders placed after entering the stores on the other. The amount of exposure determines the number of accessible customers, which in turn determines the number of stores, and the amount of customers entering stores determines the amount of orders placed. Therefore, we will mainly focus on two aspects: exposure, store entry, and order conversion.

Because the takeaway platform above the customers are looking at the front of the business, ranked after the business will be difficult to gain exposure, the customer store rate is not high. Therefore, in the takeaway platform operations above we will do the following points:

(1) Increase the exposure rate of the promotion: stage the purchase of takeaway platform "gold point promotion" and other product services to place our store at the top of the page, so that customers can prefer our store when refreshing.

(2) launch a full discount and other incentives, take a full discount such as 5 off over 20, 30 off 8, etc., so that customers feel that they get a benefit and become fans of the store.

(3) To do what no one else has and what no one else has, for example, with takeaway for free gifts, takeaway with a warm greeting card.

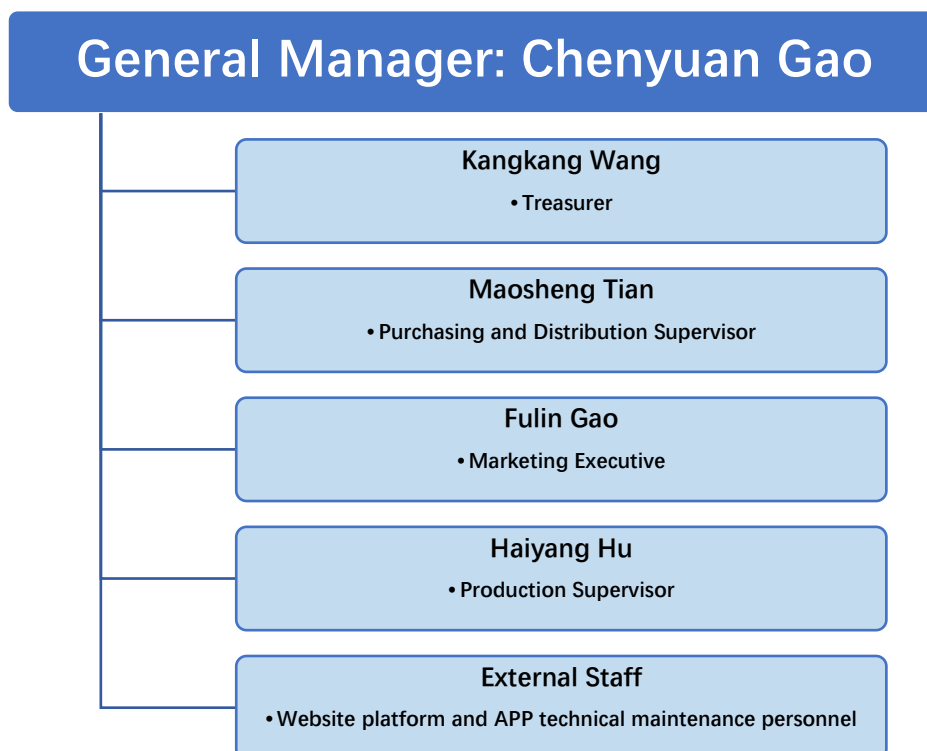
(4) Return coupons on orders, through the form of consumer coupons to attract customers to place orders for the second time, to improve customer return rate.

Exposure and store, but not to order, low conversion rate is ineffective marketing. To address the conversion rate, in addition to products and services, we should also carefully handle the classification of products, product combination sales and picture beautification on the takeaway platform. For example, make a variety of fruit platter (double, triple, free combination, etc.), Meituan interface, the top of the discounted goods, sales of high profit goods placed on the top of the page, while the bottom of the attached free gift goods for customers to choose.

Section 5

Management Team and Company Structure

5.1 Management Team



5.2 Management Team

The board of directors consists of five natural persons, with the founder, Chenyuan Gao, investing RMB 200,000 in the venture and the remaining four investors, Kangkang Wang, Maoshegn Tian, Fulin Gao and Haiyang Hu, investing RMB 200,000 each.

1. General Manager (Chenyuan Gao)

Graduated from Yan'an University in Shaanxi Province with a Bachelor's degree in Economics and Management. He is responsible for all things related to operation in the company and has the right to appoint his own personnel.

2. Treasurer (Kangkang Wang)

Manage the company's capital, develop fund raising, capital use, and capital management plans; provide analysis of the company's financial data and financial statements; submit company profit distribution plans; be responsible for daily accounting, cash flow monitoring, and cost control.

3. Purchasing and Distribution Supervisor (Maoshegn Tian)

Responsible for goods procurement plan, procurement budget; responsible for the transportation of goods, including procurement, distribution transport; responsible for signing procurement contracts, organization of procurement and other work; materials procurement in strict control, competitive negotiations; materials purchased, the organization of the relevant personnel to do a good job of goods sub-assembly work; coordination of other departments management.

4. Marketing Director (Fulin Gao)

Responsible for the day-to-day management of the company's operations; human resource management of the company (including personnel recruitment, labor contracts, skills training, cadre performance assessment); responsible for publishing

supply information on the website and following up on demand information and making contact with major supermarkets.

5. Production Supervisor (Haiyang Hu)

Responsible for simple packaging of fresh commodities purchased back, verification and testing of the quality and quantity of commodities, and making commodity testing reports to strictly control the quality of commodities.

5.3 Other Professionals

External staff refers to those who have signed an employment agreement with the company to provide technical guidance and services for the company. External staff are included in the company's establishment, and their files are archived by the Human Resources Department. The graduation certificate, degree certificate, qualification certificate, title certificate and induction certificate of the external staff are scanned and filed by the Human Resources Department of the company, and the originals are returned to them after scanning.

Main responsibilities: Build network platform and ensure stable operation of the platform.

Section 6

Operations and Production Plan

6.1 Operations Model and procedure

6.1.1 Market Research

1. Research on fresh food wholesale markets and production bases.
2. research on consumer groups around the community (number of consumers, consumption habits, spending power, etc.)
3. Research on competitors such as fresh food stores and vegetable markets in the vicinity.
4. Research on Eleme, Meituan and other platforms of fresh food e-commerce.

6.1.2 Determine the source of goods

1. Compare the price and service between the primary wholesale market and the production base, and choose the supplier with high cost performance and stable supply to sign the supply and sales contract.
2. The source of goods will be divided into categories, try to choose high consumption frequency, long shelf life and high profitability of goods.

6.1.3 Site Selection

Select the high occupancy rate, the surrounding neighborhood to buy food inconvenience to open a store, also built a residential first floor store priority.

6.1.4 Decoration

Including store area design and confirmation, declaration and installation of water, electricity and fire engineering, interior decoration, installation of security, broadcasting and air conditioning systems, and installation of door advertising

6.1.5 Business documents processing

Apply for business license and food business permit, as well as health certificate and training certificate for employees.

6.1.6 Equipment procurement and installation

Including business equipment such as service counters, checkout counters, checkout system shelves, refrigerators, freezers, bags, cash registers, price tags, and office equipment including desks and chairs copiers, computers, telephones, water fountains and paper cups

6.1.7 Personnel division of labor, training

Training on staff division, receiving, goods inspection, goods loading and unloading, goods production, inventory, POS machine use, and safety and service skills

6.1.8 E-commerce platform cooperation

We are stationed in platforms such as Eleme and Meituan to establish online sales channels and increase order volume. Meanwhile, establish WeChat public number and corporate WeChat to facilitate interaction with customers, promotion information push and online order placement.

6.2 Business Location

Weiyang District, Xi'an City, Shaanxi Province. Upon inspection, the area has a high population density, convenient transportation, and is near many medium and high-grade neighborhoods.

6.3 Facilities and equipment

This includes business equipment such as service counters, cash registers, checkout system shelves, refrigerators, freezers, bags, cash registers, price tags, and office equipment including desks and chairs copiers, computers, phones, water fountains and paper cups, etc.

6.4 Operational strategy and planning

We have strategically planned the company's development in three phases:

Phase I: In the first two years, we will spend about one week on the preparatory work, including staffing, fund raising, and preliminary publicity planning. We will spend about one month to four months in the area mainly in Weiyang District of Xi'an to promote the business and purchase some fresh products needed by the supermarket at a lower price. Simple packaging of the purchased fresh produce. Through various channels, the company will be promoted and will be able to enter the transportation market during this period and gain a firm foothold in the market, gaining a certain level of visibility and reputation in Xi'an and winning more consumers with quality services.

Phase II: In the 3rd-4th years, we will increase the publicity, expand the procurement and distribution area, ensure the quantity and quality of fresh products, and ensure the sustainability and stability of our company's development. According to the analysis of the effect of the early operation, the procurement and distribution will be focused. Use reasonable methods to attract consumers, stimulate them, stimulate their enthusiasm and make them sustainable, and form a group of stable consumer groups.

Phase III: Continue to expand the procurement and distribution area in the 5th-8th years, revitalize the operation and management mode, further highlight its own characteristics, and make its name a vane in Xi'an. Find suitable opportunities to expand to neighboring cities by various means, attract investment merchants, carry out

chain franchise type expansion, form a distribution network, realize further optimization of resource allocation, build its own brand, and make the concept of green energy saving and low carbon environmental protection deeply popular.

6.5 Development status and tasks

"Brand" is an intangible asset, "brand" is the visibility, with the visibility has cohesion and proliferation, it becomes the driving force of development. Brand building refers to the design, promotion and maintenance of the brand by the brand owner. Brand building has the following roles:

1. Increase the cohesiveness of the enterprise. This cohesion, not only can make the team members to produce a sense of pride, enhance the staff's sense of identity and belonging to the enterprise, so that they are willing to stay in this enterprise, but also help to improve the quality of employees to meet the needs of enterprise development, so that all employees work with the attitude of ownership, produce the same boat, honor and disgrace together, so that employees are concerned about the development of the enterprise, to enhance the competitiveness of the enterprise and struggle.

2. Enhance the attractiveness and radiation of the enterprise, which is conducive to the improvement of enterprise reputation and popularity. A good enterprise brand makes outsiders envy and aspire, not only makes the investment environment value increase, but also attracts talents, so that resources can be effectively concentrated and reasonably allocated, the attractiveness of the enterprise brand is a centripetal force, and the radiation force is a diffusion force.

3. Improve corporate visibility and strengthen competitiveness. A good corporate brand will help to improve corporate visibility and competitiveness. This

improvement is not from human, material and financial investment, but by the "brand" this intangible cultural force.

To build Rida Fresh into a successful brand, it must go through three stages:

1. planning stage: a good brand planning is equal to half of the brand building; a bad brand planning can ruin a business. When planning, we should put forward very clear goals according to the ten elements of branding, and then develop measures to achieve the goals. For a company that has been developing for many years, it is necessary to first diagnose the brand of the company, find out the problems in brand building, and summarize the advantages and defects. This is the preliminary stage of brand building, and the first step of brand building;

2. Comprehensive brand building phase: This phase is very important. One of the most important points is to establish the values of the brand. What kind of values are established, determine how far the enterprise can go. There are many companies that do not have clear and positive brand values; there are even some companies that are in a hurry to make profits and abandon their care for human beings and their responsibility to society. Our brand value orientation is very clear: firstly, to create value for consumers, to provide healthy and safe fresh products for consumers, and secondly, to create benefits for shareholders;

3. the stage of forming brand influence: to make the brand Rida Fresh a household name and a brand that consumers in the city can trust. We have to continuously maintain and improve the brand itself according to the changes in the

market and the development of the company itself, so that it can reach a new level and thus generate brand influence. Until we are able to license the brand and truly form an asset. These three stages are not obtained by speculation and fluke, nor can they be achieved overnight.

6.6 Challenges and risks

In the highly competitive fresh food market, risks are always present throughout the business process. These risks can be divided into two categories: internal risks and external risks. External risk factors are difficult to control and avoid, such as policy risk due to sudden economic and financial policy changes that lead to market price fluctuations; fresh produce production risk due to natural disasters such as ice, snow, floods and droughts; major changes in government regulatory policies, industry leading companies launching vicious competition, etc. But more than that, it is the enterprise's own risks: market risk, capital risk, safety risk, inventory and logistics risk, etc.

6.6.1 Inventory risk

Fresh agricultural products are perishable and have a very short shelf life, so they need to be stored in cold storage and temperature controlled to maintain their freshness. Storage management includes loading and unloading of fresh agricultural products, cold storage air exchange, temperature control, equipment cleaning and many other aspects, if these aspects have problems, it will directly affect the quality

of fresh agricultural products and bring risks. For example, in the loading and unloading process, due to external factors, the agricultural products are broken; storage equipment is not cleaned in place, resulting in the growth of internal bacteria and contamination of agricultural products; different agricultural products have different requirements for storage temperature, and the temperature and humidity conditions in different regions of China are different, if the management staff cannot accurately control the refrigeration temperature and humidity according to the actual situation, it will bring fresh agricultural products storage Risk.

Precautions:

1. In the production or primary processing of agricultural products, we should strictly do the inspection and testing of agricultural products, strict quality control, to prevent unqualified products into circulation.

2. In the processing of agricultural products, advanced processing technology should be used to avoid damage to agricultural products and ensure the freshness of agricultural products.

3. In the handling and loading and unloading process, we should handle with caution and care, and conduct strict temperature monitoring of the articulated links in the process operation to ensure that the temperature fluctuation of the environment in which the products are placed is within the controlled range.

4. The final implementation effect of the enterprise management system is determined by the employees in each link. Enterprises should strengthen the risk

awareness education for employees, improve their responsibility, strictly comply with the operation process and pay attention to the detail control of each link to avoid the occurrence of risks.

6.6.2 Logistics risk

The transportation link is the risk concentration link of fresh agricultural products cold chain logistics. Data show that in countries with developed cold chain logistics, the transport integrity rate of fruits and vegetables and aquatic products reaches 90% and 80%, while China is only 35% and 69%, resulting in more than 130 million tons of vegetables damaged in cold chain transport every year in China [2]. There are 2 main reasons for the high loss of cold chain transportation:

1. The cold chain transportation of fresh agricultural products is mainly transported from agricultural producers to dealers and then transported by dealers to customers, which results in high loss rate due to long circulation links;

2. Cold chain logistics facilities are not perfect, such as cold chain logistics transport refrigeration carriage used in the need for high performance, if the refrigeration speed is too slow will lead to rapid decay of agricultural products, if the refrigeration carriage ventilation function is not good, agricultural products in the state of oxygen deprivation will also deteriorate quickly.

Precautions:

1. Actively study foreign advanced cold chain logistics development experience, and according to the differences of different fresh agricultural products on storage conditions and temperature control requirements, purchase multi-functional refrigerated transport vehicles to improve the cold chain logistics efficiency of fresh agricultural products.

2. Strengthen the regular maintenance of the equipment to ensure that the equipment is in good running condition, prolong the service life of the equipment, reduce the operating costs of enterprises and maximize the benefits of cold chain logistics.

3. Actively introduce advanced logistics technology to reduce the consumption of each node of cold chain logistics of fresh agricultural products. For example, the introduction of radio frequency identification technology can track and process the whole cold chain logistics transportation process, achieve a high degree of automation in the transportation of agricultural products, reduce the exposure time of fresh agricultural products at room temperature, and reduce the risk of cold chain logistics.

6.6.3 Market Risk

The fresh food retail market has low barriers to entry and fierce competition, and with the addition of new retail, a large number of brands have begun rapid

expansion, making the market even more competitive. As a new entrant, we will be subject to competition from various aspects in the early stage.

Precautions:

Market competition is everywhere, in the fierce competition the strong are stronger, the weak can only be eliminated from the game. In the face of competition, we only do not fear, do not despise, from the product, service, marketing excellence in all ports to form their own business advantages. In terms of marketing and promotion, we carry out phased marketing and promotion policies on weekends and holidays to increase people's awareness of us. In addition, the project was launched to expand the customer base as soon as possible from the practical point of view, while actively docking with the financial market, introducing capital and resources into the rapid expansion and expansion of fresh supermarket scale.

6.6.4 Capital Risk

The cash flow risk brought by the tight capital in the early stage of opening. Because the initial store lease, decoration, staff salary expenses are large, if the store opened after the poor sales performance, cash flow back to the slow speed, will bring the risk of broken capital chain; product procurement is not fresh, the purchase price is too high resulting in high selling price, bringing the risk of customer loss. As a new entrant, our upstream suppliers are just starting to cooperate, and trust needs to be gradually established.

Precautions:

In terms of operation and management, we carry out bi-leveling management and responsibility system, with work responsibility to specific project leaders; we continuously attract talents with rich operation experience and professional skills to join us. Clarify the strategic development goals of the enterprise and grasp the purpose of capital operation. Before formulating the capital operation plan, the strategic development goal of the enterprise should be clarified so as to grasp the purpose of capital operation scientifically, make reasonable planning for the capital operation plan, ensure the executability and operability of the plan, and thus reduce the risk of capital operation. In the strategic development of enterprises, we should always pay attention to the direction of national macroeconomic development, and at the same time conduct in-depth analysis and investigation of the industry market, make accurate analysis of the share of enterprise products in the market, and forecast the development prospect of the industry, based on which we can formulate reasonable capital operation plans to fundamentally avoid capital risks.

6.6.5 Safety Risks

Food safety has always been a top priority in the fresh food retail industry, with a low probability of occurrence but a fatal blow if it does happen. Consumers take food safety very seriously these days, and even the slightest problem can affect

customer trust, which in turn affects our brand and reputation. Food safety is the biggest uncertainty risk we face.

Precautions.

Increase safety environment facilities, purchase accident insurance, and develop emergency planning measures to prevent small probability events such as fire and food safety. At the same time, strict gate-keeping, the establishment and implementation of business management regulations appropriate to the operation of fresh products, such as: check the supplier's license, business license and food qualified documents, strict implementation of the management of health checks for employees, the development and implementation of learning and training programs for employees, the destruction of unqualified fresh products off the counter, as well as strengthening the daily hygiene management of business premises to ensure the safety of fresh product operations.

6.7 Costs

The company plans to raise its own capital of 1200000 yuan, so the registered capital of the company is 1200000 yuan, of which, after the capital is in place, rent the plant to enter into operation as quickly as possible.

Section 7

Financial Analysis

7.1 Source of Funds and Use Instructions

This section will discuss the current financial budget for the project.

7.1.1 Source of funding

The company plans to raise its own capital of 1.2 million RMB, so the registered capital of the company is 1.2 million RMB, and the capital will be in place to enter into operation at the fastest speed. The company's capital contribution is shown in the following table.

Name of shareholder	Subscription amount (yuan)	Shareholding ratio
Chenyuan Gao	400000	33.33%
Kangkang Wang	200000	16.67%
Maosheng Tian	200000	16.67%
Fulin Gao	200000	16.67%
Haiyang Hu	200000	16.67%

7.1.2 Use of funds

Use of start-up funds

Number	Details of the project	Cost (million yuan)
1	2 small vehicles	16
2	Equipment	5
3	Website maintenance staff salary	1.5
4	Space rental	8
5	Renovation costs	1
6	Utilities	0.5
7	Network fee	0.1
8	Employee Wages	15
9	Website	0.2
10	Business license	0.4
11	Advertising Fee	0.5
12	First year operating expenses and working capital	30
Total		78.2

7.2 Assumptions Sheet

Tax forecast (yuan)			
Year	Operating profit	Tax rate	Taxes
2023	687,813	5%	34,390
2024	1,410,907	25%	352,727
2025	2,557,510	25%	639,377
2026	4,504,736	25%	1,126,184
2027	8,349,411	25%	2,087,353

The first year can enjoy the small taxpayer tax rate policy.

Total assumptions for annual costs (million yuan)		
Year	Sales revenue	Costs
2023	175	78
2024	356	183
2025	645	349
2026	1135	633
2027	2104	1197

7.3 Proforma Income Statements

7.3.1 Income statement for the startup year

Income statement for the startup year												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average daily customer flow	119	109	104	98	92	84	83	91	99	104	108	112
Revenue from offline sales	71454	65320	62308	58944	55373	50253	49890	54716	59388	62156	64870	67455
Online order volume	2253	1809	2158	2193	2055	2328	1814	2012	2159	2146	2196	2201
Online sales revenue	90132	72368	86314	87726	82203	93102	72565	80499	86365	85841	87855	88052
Operating income	161586	137688	148622	146670	137576	143355	122455	135215	145753	147997	152725	155507
Operating Costs	74892	60683	67093	65952	60626	64013	51763	59239	65412	66728	69495	71124
Selling Costs	2060	1930	2080	2050	1920	2000	1710	1890	2040	2070	2140	2180

Management costs	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000
Operating profit	64634	55075	59449	58668	55030	57342	48982	54086	58301	59199	61090	62203
Taxes	16159	13769	14862	14667	13758	14336	12246	13522	14575	14800	15273	15551
Net Profit	48476	41306	44587	44001	41273	43007	36737	40565	43726	44399	45818	46652

7.3.2 Revenue segmentation

Revenue segmentation												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fruits	33125	28226	30468	30067	28203	29388	25103	27719	29879	30339	31309	31879
Vegetables	29085	24784	26752	26401	24764	25804	22042	24339	26236	26639	27491	27991
Meat	40397	34422	37156	36668	34394	35839	30614	33804	36438	36999	38181	38877
Aquatic Products	26662	22719	24523	24201	22700	23654	20205	22310	24049	24420	25200	25659

Grain and oil	9695	8261	8917	8800	8255	8601	7347	8113	8745	8880	9164	9330
Snacks	6302	5370	5796	5720	5365	5591	4776	5273	5684	5772	5956	6065
Alcoholic Beverages	8564	7297	7877	7774	7292	7598	6490	7166	7725	7844	8094	8242
Other income	7756	6609	7134	7040	6604	6881	5878	6490	6996	7104	7331	7464
Total	161586	137688	148622	146670	137576	143355	122455	135215	145753	147997	152725	155507

7.3.3 Income statement for the next 5 years

	2023	2024	2025	2026	2027
I. Operating income	1735149	3558385	6447073	11352302	21036660
Minus: Operating costs	777019	1829666	3486052	6326655	11973807
Taxes and surcharges	6247	12447	21319	36185	65253
Selling costs	24070	45365	82191	144726	268189
Management costs	240000	260000	300000	340000	380000
II. Operating profit	687813	1410907	2557510	4504736	8349411
Plus: Non-operating income					
Minus: Non-operating expenses					
III. Total profit	687813	1410907	2557510	4504736	8349411
Minus: Income tax expense	34391	352727	639377	1126184	2087353
IV. Net profit	653422	1058180	1918132	3378552	6262059

7.4 Proforma Balance Sheet

Assets					
	2023	2024	2025	2026	2027
Current assets:					
Currency funds	1,428,401.54	2,227,102.00	3,720,637.74	6,358,459.34	11,128,475.38
Accounts Receivable	192,794.33	395,376.11	716,341.41	1,261,366.85	2,337,406.65
Other receivables					
Inventory	64,751.62	152,472.21	290,504.36	527,221.23	997,817.28
Total current assets	1,685,947.49	2,774,950.32	4,727,483.50	8,147,047.41	14,463,699.31
Non-current assets:					
Fixed Assets	189,000.00	168,000.00	147,000.00	126,000.00	105,000.00
Intangible assets					
Long-term amortized expenses					
Total non-current assets	189,000.00	168,000.00	147,000.00	126,000.00	105,000.00
Total Assets	1,874,947.49	2,942,950.32	4,874,483.50	8,273,047.41	14,568,699.31
Liabilities and owners' equity (or shareholders' equity)					
Current liabilities:					

Short-term loans					
Accounts Payable					
Employee compensation payable	16,666.67	21,666.67	28,166.67	36,616.67	47,601.67
Taxes Payable	4,858.42	9,680.82	16,581.71	28,143.62	50,751.97
Total other payables					
Of which: Dividends payable					
Total current liabilities	21,525.08	31,347.49	44,748.38	64,760.29	98,353.64
Total non-current liabilities					
Total liabilities	21,525.08	31,347.49	44,748.38	64,760.29	98,353.64
Owner's Equity:					
Paid-in capital or share capital)	1,200,000.00	1,200,000.00	1,200,000.00	1,200,000.00	1,200,000.00
Capital surplus					
Surplus reserves					
Undistributed earnings	653,422.41	1,711,602.83	3,629,735.12	7,008,287.12	13,270,345.67
Total Owner's Equity	1,853,422.41	2,911,602.83	4,829,735.12	8,208,287.12	14,470,345.67

Total liabilities and owner's equity	1,874,947.49	2,942,950.32	4,874,483.50	8,273,047.41	14,568,699.31
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7.5 Proforma Cash Flow

7.5.1 Cash flow statement for the starting year

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
I. Cash flows from operating activities:												
Cash received from the sale of goods and provision of services	148,479.58	126,519.97	136,567.10	134,773.43	126,417.06	131,727.32	112,522.54	124,247.56	133,930.81	135,992.80	140,337.31	142,893.65
Other cash received in connection with operating activities												
Subtotal cash inflow	148,479.58	126,519.97	136,567.10	134,773.43	126,417.06	131,727.32	112,522.54	124,247.56	133,930.81	135,992.80	140,337.31	142,893.65

from operating activities												
Cash paid for the purchase of goods and services	81,132.57	65,739.70	72,684.30	71,448.00	65,677.73	69,347.42	56,076.58	64,175.58	70,862.78	72,288.88	75,286.25	77,051.22
Cash paid to and for employees	15,277.78	15,277.78	15,277.78	15,277.78	15,277.78	15,277.78	15,277.78	15,277.78	15,277.78	15,277.78	15,277.78	15,277.78
All taxes paid	8,179.48	6,969.77	7,523.25	7,424.44	6,964.10	7,256.63	6,198.67	6,844.58	7,378.02	7,491.61	7,730.94	7,871.76
Other cash paid in connection with operating activities	3,589.17	3,589.17	3,589.17	3,589.17	3,589.17	3,589.17	3,589.17	3,589.17	3,589.17	3,589.17	3,589.17	3,589.17
Subtotal cash outflow from operating activities	108,178.99	91,576.41	99,074.49	97,739.38	91,508.77	95,470.99	81,142.20	89,887.11	97,107.74	98,647.44	101,884.13	103,789.93
Net cash flows from	40,300.59	34,943.56	37,492.61	37,034.05	34,908.28	36,256.33	31,380.34	34,360.45	36,823.07	37,345.36	38,453.17	39,103.73

activities													
IV. Effect of exchange rate changes on cash and cash equivalents													
V. Net increase in cash and cash equivalents	1,030,300.59	34,943.56	37,492.61	37,034.05	34,908.28	36,256.33	31,380.34	34,360.45	36,823.07	37,345.36	38,453.17	39,103.73	
Plus: Cash and cash equivalents balance at the beginning of the period		1,030,300.59	1,065,244.15	1,102,736.76	1,139,770.82	1,174,679.10	1,210,935.42	1,242,315.76	1,276,676.21	1,313,499.28	1,350,844.64	1,389,297.82	
VI. Cash and cash equivalents at the end of the	1,030,300.59	1,065,244.15	1,102,736.76	1,139,770.82	1,174,679.10	1,210,935.42	1,242,315.76	1,276,676.21	1,313,499.28	1,350,844.64	1,389,297.82	1,428,401.54	

7.5.2 Cash flow statement is forecast for the next five years

Projects	2023	2024	2025	2026	2027
I. Cash flows from operating activities.					
Cash received from the sale of goods and provision of services	1,594,409.14	3,569,306.32	6,512,931.74	11,488,414.30	21,222,819.62
Other cash received in connection with operating activities					
Subtotal cash inflow from operating activities	1,594,409.14	3,569,306.32	6,512,931.74	11,488,414.30	21,222,819.62
Cash paid for goods purchased and services received	841,771.02	2,027,167.05	3,833,247.55	6,942,970.85	13,162,831.81
Cash paid to and for employees	183,333.33	255,000.00	331,500.00	430,950.00	560,235.00
All taxes paid	87,833.24	464,074.29	831,457.11	1,452,345.57	2,673,768.19
Other cash paid in connection with operating activities	43,070.00	24,364.53	23,191.34	24,326.28	55,968.58
Subtotal cash outflow from operating activities	1,156,007.59	2,770,605.86	5,019,396.00	8,850,592.71	16,452,803.57
Net cash flows from operating activities	438,401.54	798,700.46	1,493,535.74	2,637,821.60	4,770,016.05
II. Cash flows from investing activities					
Cash received from the recovery of investments					
Cash received from obtaining investment income					
Other cash received in connection with investing activities					

Subtotal cash inflow from investing activities					
Cash paid for investments					
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets	210,000.00				
Other cash paid in connection with investing activities					
Subtotal cash outflow from investing activities	210,000.00				
Net cash flows from investing activities	-210,000.00				
III. Cash flows from financing activities.					
Cash received from absorption of investments	1,200,000.00				
Cash received for obtaining loans					
Other cash received in connection with financing activities					
Subtotal cash inflow from financing activities	1,200,000.00				
Cash paid for debt service					
Cash paid for distribution of dividends, profits or repayment of interest					
Other cash paid in connection with financing activities					
Subtotal cash outflow from financing activities					

Net subtotal flows from financing activities	1,200,000.00				
IV. Effect of exchange rate changes on cash and cash equivalents					
V. Net increase in cash and cash equivalents	1,428,401.54	798,700.46	1,493,535.74	2,637,821.60	4,770,016.05
Plus: Cash and cash equivalents balance at the beginning of the period		1,428,401.54	2,227,102.00	3,720,637.74	6,358,459.34
VI. Cash and cash equivalents at the end of the period	1,428,401.54	2,227,102.00	3,720,637.74	6,358,459.34	11,128,475.38

7.6 Breakeven Analysis

	Initial investment amount	2023	2024	2025	2026	2027
Net cash flow	-1,200,000.00	464,422.41	1,079,180.42	1,939,132.29	3,399,552.00	6,283,058.55
Cumulative net cash flow	-1,200,000.00	-735,577.59	343,602.83	2,282,735.12	5,682,287.12	11,965,345.67
Present value of net cash flows	-1,200,000.00	422,202.19	891,884.64	1,456,898.79	2,321,939.76	3,901,285.02
Present value of accumulated net cash flows	-1,200,000.00	-777,797.81	114,086.84	1,570,985.63	3,892,925.39	7,794,210.41

IRR:		97.28%				
Discount rate:		10.00%				
Financial net present value :		7,794,210.41				
Static return on investment cycle:		1.68				
Dynamic payback cycle:		1.87				

7.7 Ratio Analysis

Solvency

	2023	2024	2025	2026	2027
Current Ratio	78.32	88.52	105.65	125.80	147.06
Quick Ratio	75.32	83.66	99.15	117.66	136.91
Gearing ratio	1.15%	1.07%	0.92%	0.78%	0.68%

Profitability

	2023	2024	2025	2026	2027
Gross sales margin	55.22%	48.58%	45.93%	44.27%	43.08%
Net sales margin	37.66%	29.74%	29.75%	29.76%	29.77%
Return on Net Assets	-	44.41%	49.56%	51.83%	55.22%
Total net asset margin	-	43.93%	49.07%	51.39%	54.83%

The results of the NPV and IRR indicate that the investment in this project will be an attractive one for the investors and the founders.

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