

24 HOURS CONVENIENCE STORE

Chong shao¹, Xian Xiao²

^{1,2}Graduate School, Southeast Asia University, Bangkok, Thailand

E-mail: 13546317672@163.com

ABSTRACT

Guangzhou 24 hours Convenience Store Trade Development Co., Ltd. in the current and future development process, will be based on the "commodity retail + network sales + innovative services + value-added paid services" business ideas to achieve the company's profitability and create social value and brand appeal. In addition, based on financial and feasibility analysis, the company's initial investment is 1.5 million yuan, and the average annual profit is about 200,000 yuan. In the five-year period from 2022 to 2026, its internal rate of return will be 22%, its cumulative net present value will be 329,900 yuan, and its return on investment will be 140.59%.

The 24time convenience store project conforms to the general trend of industry development, conforms to China's current basic national conditions and receives national policy support. Have stable and substantial returns in terms of investment returns.

Keywords: 24time, policy support, innovative services

Executive Summary

At present, China's convenience store market has the strong support of national policies, is still in the outlet of development, although housing rental, labor prices are rising, but also affected by the new crown pneumonia epidemic, enterprises are facing great pressure to survive, but the number of single-store service people in China's convenience store market is far lower than the level of developed countries. Therefore, China's convenience store industry still has a lot of room for development. China's convenience store enterprises should respond to the national localization strategy, vigorously develop domestic convenience store brands, extend the services of convenience stores, meet the daily needs of community residents, base themselves on first-tier and second-tier cities, radiate surrounding cities, and look at the national urban convenience store market. This paper takes the 24 hours convenience store project as the research object, through the SWOT strategic analysis and macro environment analysis of the project, the application of targeted marketing strategy and marketing strategy, the formulation of the marketing and competition plan of the 24 hours convenience store project, and then through the financial analysis and risk analysis of the project, further study the feasibility of the 24 hours convenience store project.

1. Create a 24time convenience store brand through OMO online and offline integration, redefine "people, goods, field", change the traditional marketing model of convenience stores, create a new retail brand in the community, create a 24 hours convenience store, and improve the operation quality of convenience stores. Mainly by giving portraits to core customers, to meet the needs of major consumer groups, to provide convenient services for them, to create a high quality of life. 2. Community network one-stop convenience service, to meet the driving requirements of the circular economy in the community. Through the establishment of a one-stop convenience service center for the community network, it is committed to becoming the people's life service information platform, resident demand response station, community convenient shopping site, customer intelligent experience store, and to serve the people as the purpose and foothold, advocate employees to serve the people wholeheartedly, solve the problem of convenience needs in everyone's life, and build convenience stores into a bridgehead for retail formats. 3. The new retail layout "100 cities and 100 homes" national convenience store market omni-channel retail has brought important ideological changes to the global convenience store industry. According to Baidu's definition, the so-called "omni-channel retail" definition means that in order to meet the purchase needs of consumers at any time, any place and in any way, enterprises adopt the integration of physical channels, online e-commerce channels and mobile e-commerce channels to sell goods or services, and provide customers with an undifferentiated purchase experience. Optimize new retail channels, increase customer acquisition area through online convenience stores, and provide more perfect services for community consumers. Establish a chain convenience store business model, and create a national convenience store market with the long-term goal of "100 cities, 100 households, a better life".

In the current and future development process, the company will be based on the "commodity retail + network sales + innovative services + value-added paid services" business ideas to achieve the company's profitability and create social value and brand appeal. In addition, based on financial and feasibility analysis, it was concluded that the initial investment of Guangzhou 24time Convenience Store Trade Development Co., Ltd. was 1.5 million yuan, and the average annual profit was about 200,000 yuan. In the five-year period from 2022 to 2026, its internal rate of return is 22%, its cumulative net present value is 329,900 yuan, and its return on investment is 140

Section 1: Company Description

First let me briefly introduce our company, Guangzhou 24 hours Convenience Store Business Development Co., Ltd. was approved by Guangzhou Industrial and Commercial Bureau and incorporated in Guangzhou on January 01, 2022, with a registered capital of RMB 500,000. The previous investment capital is 1.5 million, and the staffing of the single store of 0 is 5 people. Our corporate purpose is to create satisfaction for customers, opportunities for employees, profits for shareholders and wealth for society. The business idea is to provide customers with "merchandise retailing + internet sales + innovative services + value-added paid services", including food, daily cosmetics, general merchandise and other value-added services, such as second-hand goods trading and bicycle rental.

Section 2: Industry Analysis

Next is the industry analysis. In terms of industry scale and growth rate, from 2015-2020, the number of convenience stores in China grew continuously and the growth rate fluctuated slightly. From 2017-2022, the sales of convenience stores in China grew continuously and the growth rate increased. China Business Industry Research Institute predicts that China's brand chain convenience store sales will exceed 400 billion yuan in 2022.

Analyzed in terms of industry characteristics, China's convenience stores can be divided into branded chain convenience stores, loose convenience stores, platform-enabled convenience stores, and class convenience stores. The branded chain convenience store is 305 billion yuan, with a growth rate of 12.3%, and the overall development of the convenience store industry is positive. There are still some problems with Chinese convenience stores, domestic convenience stores fresh and semi-finished products sales account for a relatively small percentage, more convenience stores like mini-markets, did not form their own core technical advantages, lack of targeting of the commodity mix, increasingly high rental costs, and a serious shortage of personnel.

Section 3: Market Analysis and Marketing Plan

Based on this current situation, our 24-hour convenience store has conducted a market analysis. First, Store No. 0 of the 24 hours Convenience Store project is targeted at the core customer group of single white-collar workers, school students and industrial workers. Second, The market localization, Learn from foreign advanced community convenience stores, pursue high quality products. The 24 hours convenience store is all about providing high quality service. There are also some challenges and Risks, eg, Market risk、Commodity management ability、Service capacity problem、Risk of advertising.

There are six ways of marketing strategy. 1. Ways to improve customer unit price: increase product and service categories, reduce costs through scale purchasing, improve gross margin of goods, provide product promotions for combination marketing; 2. Ways to attract customer flow for consumption of goods: overall image improvement of the store, increase product and service categories, increase community promotion; 3. Ways to attract customer flow for individual needs: convenient repayment, catalog sales; 4. Ways to attract repeat consumer spending: membership card merchandise discounts, rewards for spending points, convenient service offers, etc.; 5. Ways to attract traffic from other convenience stores: staged product promotions, new types of products and services (herbal teas, etc.), provision of public welfare facilities (public restrooms), community convenience services; 6. Cooperation with other merchants for sources of profit other than business income through the promotion of shopping cards.

Section 4: Management Team and Company Structure

In addition, in terms of pricing, in order to adapt to the competition in the retail market, the Company's merchandise gross margin is positioned as follows to ensure that it can adapt to the competition in the market and

the Company's profitability. The pricing strategy is for primary market: 25-30% gross margin of goods; secondary and tertiary market: 22-28% gross margin of goods. In order to create the profitability and market competitiveness of the stores, we open up characteristic business service products to improve their market competitiveness to ensure the profitability of the stores, the product content of the characteristic community paid services such as: second-hand goods trading, bicycle rental, payment service, etc. In terms of distribution and sales, the stores will not only sell basic goods and special community paid service products in the stores, but we will also adopt B2B and B2C network marketing mode through the Internet.

Next is the fourth part, the management team and the company structure.

Section 5: Operations Plan, Production Design and Development Plan

The initial organizational structure of the 24time convenience store project is a functional structure for small businesses that allows for centralized management, which has the advantage of more detailed management. The company was initially a sole proprietorship without a board of directors, with the founder serving as executive director to perform board-related duties. The business staff consists of a store manager, a store clerk, a member of the purchasing department, a member of the accounting staff in the finance department, and a member of the information department.

Next, we introduce the company's operation plan. This is the inverted triangle model of the company's operation, built from a four-layer structure. The core of convenience store development is the fourth layer of product service. The user experience will be evidenced in the products and services, which involves whether the product categories are reasonably set up, whether the services for users are considerate, and whether the differentiated features of products and services meet the individual needs of customers, all of which belong to the core competitiveness of convenience stores.

In terms of production design, we first find a good positioning and differentiation of products, and at the same time strengthen the management and inspection of the shelf life of food products to eliminate stagnant products. Our service is characterized by the "platform + housekeeping" service positioning, providing customers with convenient and up-to-date services. In terms of future development plan, according to the company's strategic plan and direction of market development, we will open stores mainly in the domestic primary market within 1-2 years, and in the domestic secondary and tertiary markets within 3-5 years.

Section 6: Financial Projections (feasibility, Financial)

The final presentation to you is the financial forecast. From the NPV table, it can be seen that the cumulative NPV in the fifth year is \$329,900, indicating that the project has a high investment feasibility. From the rate of return table, we can see that the internal rate of return of the project is 22%, which indicates that the project has a more stable investment return.

Appendices

During the five years of operation from 2022 to 2026, the initial investment of Store 0 is 708,800 yuan. the annual operating net profit is about 200,000 yuan, its internal rate of return is 22%, the During the five years of operation from 2022 to 2026, the annual operating net profit is about 200,000 yuan, its internal rate of return is 22%, the cumulative net present value is 329,900 yuan, and the return on investment is 140.59%.

The project has obvious advantages, less investment in the early stage, stable cash flow and operating income, and controllable overall risk.

The project has obvious advantages, less investment in the early stage, stable cash flow and operating income, and controllable overall risk. The 24time convenience store project was born in this context, and through the location of the No. 0 store and the selection of customers, the 24time convenience store is invincible. By segmenting customers and tailoring products and services to their needs, the project further enhances the core competitiveness of convenience stores and lays a good foundation for the further development of the 24time convenience store project in the future.

References

- LiWanyan & TangLichun. (2022). Exploring the Brand Design Value of Chain Convenience Stores: A Case Study of Zhongshan Convenience Store in Haikou City[J]. *China Packaging*,42(09), 65-67.
- Hu Yulong. (2022). Research on measures to promote the development of convenience stores at gas stations[J]. *Business Observation*, (25), 30-33.
- Chen Yubing. (2022). Analysis of Chain Retail Enterprises in Procurement and Selection Strategy—Taking C-brand convenience stores as an example[J]. *Business Exhibition Economics*, 2022(15), 100-103.DOI:10.19995/j.cnki.CN10-1617/F7.15.100.
- Liu Qun. (2022). Amoeba Management: A New Model of Value Management in Convenience Stores[J]. *Sinopec*, (07), 42-43.
- Si Yikun & AnXiangsheng, Zhao Rong. (2022). Spatial distribution and influencing factors of convenience stores in the six urban areas of Taiyuan: A case study of Tang Jiu and Jinhu[J].*Northern Economic and Trade Press*, (07), 37-41.
- Chen Zhi & Shi Beixiang. (2022). Urban "Convenient" Space: A Study on the Spatial Layout of Convenience Stores in Wuhan[J].*Planner*, 38(07), 79-86.
- Du Pengfei, Wu Zhe & Hu Yulong. (2022). Research on measures to promote the development of convenience stores at gas stations[J].*Business Observation*, (25), 30-33.*Construction Concept and Innovation Value Analysis of Ruhuitong Convenience Store*[J].*Financial Literature and Literature*, (06), 13-15.
- Yan Yueling & ZengXuejuan. Linji Hu Yulong. (2022). Research on measures to promote the development of convenience stores at gas stations[J].*Business Observation*, (25), 30-33 *Convenience Store: Building a "Third Space" in the City*[J].*Manager*, (06), 31-33.
- Jiang Kunming & Hu Yulong. (2022). Research on measures to promote the development of convenience stores at gas stations[J].*Business Observation*, (25), 30-33
- Wu Yuanhao & Hu Yulong. (2022). Research on measures to promote the development of convenience stores at gas stations[J].*Business Observation*, (25), 30-33
- SuSong'an. (2022). Research on Marketing Strategy of Gas Station Convenience Store[J].*Business Culture*, (10), 45-46.
- Qiu Shuangyan & Zhang Fengwu. (2022). Research on the competitiveness evaluation system of convenience stores in new retail communities[J].*Cooperative Economy and Technology*, (07):94-95.DOI:10.13665/j.cnki.hzjjykj.2022.07.044.
- The Wills Group Acquires. (2022). MAPCO Retail Fueland Convenience Store Locations[J]. *Wireless News*.
- Chen Liping & JiangZhimin. (2022). Pharmacies open convenience stores, five major technical barriers to be broken[J].*China Pharmacy*, (03), 28-29.
- qi zENGZHI. (2022). *China Pharmacy*, (03), 30-31.
- Sun Wei, Zhao Yuanjun, Liu Wei, Liu Yanghui, Yang Rongjun, Han Chunjia. (2022). Internet of things enabled the control and optimization of supply chain cost for unmanned convenience stores[J]. *Alexandria Engineering Journal*, 61(11).
- Seong Eun Yeong, Lim Youngjae, & Choi Chang Gyu. (2022). Why are convenience stores clustered? The reasons behind the clustering of similar shops and the effect of increased competition[J]. *Environment and Planning B: Urban Analytics and City Science*,49(3).
- Winkler Megan R, LenkKathleen, Erickson Darin J, & Laska Melissa N. (2022). Retailer marketing strategies and customer purchasing of sweetened beverages in convenience stores.[J]. *Journal of the Academy of Nutrition and Dietetics*.
- Ran Longnan & Zhang Li. (2022). Fifteen Years of Convenience Stores Meet Happiness[J].*China Business Circle*, (Z1), 48-53.
- Ran Longnan. (2022). Digitalization Sinking Expansion of Convenience Stores to Expand Business Boundaries[J].*China Business Circle*, (Z1):94-96.