

Summer 6-26-2019

Analysis on the Business Model of Fresh E-commerce——Taking Hema Supermarket as an Example

Yitang Zeng

School of Management, Wuhan Donghu University, China, 346316766@qq.com

Yachi Lu

School of Management, Wuhan Donghu University, China

Mengxiao Wang

School of Management, Wuhan Donghu University, China

Borong Hu

School of Management, Wuhan Donghu University, China

Yanping Chen

School of Management, Wuhan Donghu University, China, 757088198@qq.com

Follow this and additional works at: <https://aisel.aisnet.org/whiceb2019>

Recommended Citation

Zeng, Yitang; Lu, Yachi; Wang, Mengxiao; Hu, Borong; and Chen, Yanping, "Analysis on the Business Model of Fresh E-commerce——Taking Hema Supermarket as an Example" (2019). *WHICEB 2019 Proceedings*. 4.

<https://aisel.aisnet.org/whiceb2019/4>

This material is brought to you by the Wuhan International Conference on e-Business at AIS Electronic Library (AISeL). It has been accepted for inclusion in WHICEB 2019 Proceedings by an authorized administrator of AIS Electronic Library (AISeL). For more information, please contact elibrary@aisnet.org.

Analysis on the Business Model of Fresh E-commerce-----Taking

Hema Supermarket as an Example

*Yitang Zeng, Yachi Lu, Mengxiao Wang, Borong Hu, Yanping Chen**

School of Management, Wuhan Donghu University, China

Abstract: Enterprises are beginning to involve the fresh produce industry, but most companies have withdrawn from the fresh produce industry due to poor performance. This shows that there are many problems with e-commerce of fresh produce. In particular, the business model of e-commerce for fresh produce is a major factor constraining its development. This article takes Hema Supermarket as an example to analyze its business model. It summarizes the areas that can be used for product control, power distribution system construction, platform operation, etc., and provides reference and reference for the operation of fresh agricultural products.

Key words: fresh product; e-commerce; business model; Hema Supermarket

1. INTRODUCTION

In recent years, as people's demand for convenience has increased, more and more e-commerce platforms have begun to enter the fresh agricultural market. There are three types of e-commerce for fresh produce, namely Tmall Fresh, JD.com and other comprehensive fresh produce; fresh produce e-commerce and self-operated fresh agricultural bases, such as the Tuotuo Commune, I buy the net; and the traditional "supermarket O2O" Fresh e-commerce." Although China's fresh agricultural products e-commerce market has developed rapidly and formed a relatively stable market structure, from the perspective of the overall industry, China's fresh agricultural products e-commerce platform has not formed a strong market competitiveness. Even a comprehensive e-commerce platform like Tmall and JD has not achieved outstanding results in the fresh food field. Because the fresh product itself has short storage time and perishable characteristics In the distribution, there are many problems such as many distribution links, high transportation costs and high damage rate, which seriously restricts the development of fresh agricultural products. Therefore, in order to fundamentally improve the operational dilemma of fresh agricultural products, it is necessary to find a business model suitable for the characteristics of fresh agricultural products.

2. LITERATURE REVIEW

With the development of e-commerce of fresh agricultural products, many scholars have studied the e-commerce of fresh agricultural products, and have achieved relatively fruitful research results. Li Hong and Shang Yonghua (2014) pointed out from the perspective of improving the sales and distribution of domestic agricultural platforms, pointed out the irreplaceable role played by the supply and marketing cooperatives in the e-commerce marketing model of fresh agricultural products, and proposed the development proposal for building a large platform for supply and marketing^[1].Wu Chuanshu (2015) conducted an analysis of the development model of foreign fresh produce e-commerce, and proposed suggestions for the development of domestic fresh produce e-commerce^[2].Zhou Hao, Ke Xianwen, Wang Lizhen (2016) studied the problems existing in e-commerce packaging of fresh produce, and proposed a solution to the problems in current e-commerce packaging^[3]. Liu Jianxin, Wang Keshan, Zhang Chunlin (2016) analyzed the main problems faced

* Corresponding author. Email: 346316766@qq.com (Yitang Zeng) , 757088198@qq.com (Yanping Chen)

by the development of e-commerce for fresh produce, and proposed counter measures^[4].

Dan Han and Jing Mu (2017) believe that strengthening the standardization of agricultural products is conducive to promoting the development of e-commerce for fresh produce^[5]. Liu Gang (2017) conducted research on the innovation of e-commerce logistics service for fresh agricultural products, and believed that high-quality logistics services can bring consumers a better consumer experience and realize customer value-added^[6]. Wang Xiaoyan (2017) conducted an e-commerce brand from the perspective of e-commerce operation model, and considered that the online and offline integration model is the only way for e-commerce branding of fresh agricultural products^[7]. Sheng Haizhao (2018) analyzed the factors affecting the repurchase rate of consumers' fresh agricultural products, and believed that product quality is a key factor affecting the repurchase rate of fresh agricultural products^[8].

3. OVERVIEW OF FRESH PRODUCE E-COMMERCE

E-commerce of fresh agricultural products refers to the commercial activities of producing, marketing, selling and delivering fresh agricultural products (including fruits and vegetables, fresh meat, food, etc.) on the Internet using e-commerce. In recent years, due to the rapid development of the e-commerce industry, the rapid rise of e-commerce for fresh agricultural products has been promoted, and the transaction volume of fresh agricultural products e-commerce has been rising and the market prospect is broad. In the future, freshly sold agricultural products will be based on retail, online and offline integration, complementary advantages, Hema Supermarket, Yonghui super variety and the rise of Jingdong 7FRESH also indicate that this trend is unstoppable.

3.1 Characteristics of fresh produce

The emergence of fresh agricultural products and e-commerce has changed the way people buy fresh food, which plays a vital role in the development of the whole fresh produce retail industry. Compared with traditional fresh agricultural products trading methods, fresh produce e-commerce has the following characteristics.

(1) Strong technical

E-commerce of fresh agricultural products is the product of the deep integration of traditional fresh agricultural products industry and modern technology. It provides a new trading method and distribution channel for the sale of fresh agricultural products. Its operation depends on Internet technology and wireless communication technology.

(2) virtual

Fresh produce electricity are currently the main network as a platform, the main source of knowledge for consumers fresh produce fresh produce sellers provide pictures, video, fresh agricultural products with non-contact, that is virtual sex characteristics.

(3) Convenient information acquisition

Compared with traditional fresh agricultural products, the sales of fresh agricultural products are not only more convenient and efficient, but also have a large amount of information and high transparency. Consumers can quickly and comprehensively understand the information on fresh produce on the Internet and make multi-party comparisons as needed.

3.2 The problem of fresh produce e-commerce

(1) Standardization of fresh agricultural products is difficult

China's small-scale peasant economy is the main factor, which also determines that the suppliers of fresh agricultural products in China are mainly distributed farmers, and the cluster effect is extremely weak. Fresh agricultural products themselves are affected by human factors such as soil, light, water and other natural

environments and chemical fertilizers, pesticides, planting techniques, etc., and it is difficult to unify in terms of color, size and taste. At present, the processing field of fresh agricultural products is characterized by small and scattered, the production and processing equipment is relatively backward, and there is a lack of a unified processing process, resulting in uneven production of fresh agricultural products after processing. Because standardization requires a lot of manpower, material and financial resources, these make it difficult to standardize fresh produce.

(2) Low added value of agricultural products

The producers of fresh agricultural products in China are mainly family farmers, lacking brand awareness. Although there are also fresh produce brands such as "Laiyang Pear", "Inspirational Orange", "The Peach Liu" and "Yangcheng Lake Hairy Crab", they are only a minority. In general, the degree of branding of fresh agricultural products in China is relatively low, and the profit of primary fresh produce is low. How to improve the added value of fresh produce and sustainable transmission of high value-added fresh produce to consumers is also a major problem facing the current fresh produce e-commerce.

(3) Fresh agricultural products are easily damaged and deteriorated

Eggs, aquatic products, fruits and other categories are easily damaged during transportation and transportation, and are susceptible to deterioration due to factors such as moderate temperature during storage, adding additional costs.

(4) The cold chain logistics system is difficult to build

Maintaining the freshness and moisture of fresh produce is a major principle in the packaging of fresh produce. Fresh produce also relies on low-temperature distribution during the distribution process, such as seafood, frozen meat, etc. Moreover, because of the large variety of fresh agricultural products and the scattered distribution, the high cost of the first kilometer and the lack of advanced cold chain logistics technology support, the self-built logistics will incur huge costs, which makes the cold chain logistics system difficult to build.

(5) Poor consumer experience of fresh produce

The distribution efficiency and product quality of fresh agricultural products are difficult to meet the consumer demand for timely consumption; the e-commerce platform for fresh agricultural products is more single than the traditional offline business, which reduces the consumer experience.

(6) It is difficult to obtain a lower online penetration rate

In order to enhance the user's consumption experience, fresh agricultural products e-commerce enterprises often need to invest a lot of manpower and resources to ensure the quality of fresh agricultural products and improve distribution efficiency, but the penetration rate of online purchase of fresh agricultural products is very low. Only by achieving economies of scale can we fill the human and material costs of the initial investment and make it difficult to make profits.

4. ANALYSIS ON THE FRESH MANAGEMENT MODEL OF HEMA SUPERMARKET

4.1 Brief introduction of Hema supermarket

Hema supermarket is a new type of fresh retail e-commerce enterprise reconstructed by Ali for offline supermarkets. It takes physical stores as the center, adopts OAO (online and offline) marketing mode, integrates three functions of "fresh supermarket + catering experience + online business warehousing", and covers fresh products and catering services through online APP and offline physical stores. Offline stores are dominated by experience services, which bring "restaurant" subversively into supermarket stores to enhance consumer experience. At the same time, relying on its own strong logistics team in logistics, we can ensure that online orders within 3 km in diameter reach home free of charge for half an hour, and increase the ability of attracting customers.

Hema supermarket use big data, mobile interconnection, intelligent Internet of Things, automation and other technologies and advanced equipment to achieve the optimal matching among people, goods and yards. From supply chain, warehousing to distribution, boxed horses have their own complete logistics system.

Hema supermarket to store warehouse, improve efficiency, subvert the traditional e-commerce warehouse as a mode of transportation, store warehouse, store warehouse integration, store shelf is the virtual shelf on app, so that customers have a more genuine feeling of shopping environment, product category and quality, service, enhance consumer trust.

4.2 Fresh-growing business model of Hema supermarket

(1) OAO Online and Off-line Double Store Model

OAO (Online and Offline) mode is an integrated two-store mode that integrates online and offline. Under this mode, online users can be guided to visit and experience offline physical stores, and customers of physical stores can be attracted to online consumption. In addition to online and offline purchases alone, online and offline smart sheets can also be realized, joint distribution, the real realization of common resources, information, double stores benefit from each other.

Hema supermarket to "fresh" as a high-frequency consumer goods as a starting point, online APP and offline physical stores combined, to shop and home dual-mode parallel, through offline experience store coverage, online APP orders, to achieve real online and offline integration. Under the new OAO mode:

①Offline physical stores carry more experience functions. Hema supermarket experiential store uses the mode of "off-line shop = supermarket + catering + warehousing + sorting and distribution" to improve consumer brand awareness. While realizing low-cost logistics, it establishes refrigerated distribution base of fresh goods online, and achieves efficient logistics operation and distribution.

②On-line APP orders to create full channel sales. Consumers who go to the Hema Experience Store will be instructed to install the Hema APP, guide off-line customers to place orders online, and realize the closed-loop consumption mode of off-line experience on-line orders. By means of electronic tags, Hema se Fresh-born unifies the management of products sold online and offline. While adapting to the whole channel of sales, clearing the obstacles of online and offline docking forms a complete closed-loop of online and offline consumption.

③Various modes can be chosen: store orders, door-to-door distribution; online orders, delivery to home; mobile app orders, self-service to the store; direct to the store consumption, etc., to meet customer needs differently.

④Customers' greatest demand for this special category of fresh food is immediate delivery. Home-to-home mode supported by efficient logistics system enables customers to deliver immediately to meet this demand. At the same time, the store-to-store mode catches the off-line consumers, and the high-quality experience service also plays the role of draining online, forming an effective interaction with the home-to-home mode.

(2) "Supermarket + Catering" Model

"Supermarket + catering" mode, which integrates supermarket and restaurant, in this mode, stores act as both warehouses and stores, front stores and back stores, providing one-stop small packaged goods for household consumption, effectively reducing damage. In addition, offline stores also assume the function of front warehouse, that is, "warehouse + shop" mode, to ensure delivery time and reduce costs. This model also forms an off-line barrier. On the one hand, the dining experience can increase the stay time of consumers in stores, on the other hand, it is also conducive to the processing of fresh products and reduce losses. Under the mode of "Restaurant + Supermarket" of Hema supermarket, its advantages are embodied in the following four points:

①Physical environment enhances favor. Hema supermarket Experience Store has simple and modern

design, marble floor, black shelf, uniform display of goods, placed in a transparent glass frame, the store is equipped with a number of air purifiers, the overall environment clean atmosphere, increase user preference.

②Hema supermarket is different from the entity Shang Chao's "route reservation" method, which adopts the "stay for food and drink" strategy. Hema supermarket fresh-born set up a self-service platform in the dining area to provide fruit, beverage and coffee. At the same time, in addition to free processing services in the store, it also cooperates with the restaurant. As long as fresh products are purchased in the boxed horse fresh-born, 30% processing fee can be charged for processing and eating in the restaurant.

③Restaurants and supermarkets are more integrated, and offline experience is strengthened. "Restaurant" will be included in the supermarket, to achieve the traditional supermarket shopping and cooking and traditional restaurants can order shopping multiple services. The integration of catering into supermarkets meets the immediate needs of consumers, increases the time spent in stores, enhances the experience function of offline stores, and exerts a better convergence effect.

④Around the concept of "big kitchen", make the Hema supermarket different from other fresh line stores. From Table 1, we can see that "eating" is the core content of Hema supermarket products. Food accounts for much more than other supermarkets. Fresh products are mainly high-quality and low-price products, which mainly promote high-end and imported goods. Hema supermarket high-quality mass goods more complete, it refers to the structure of Taobao online mass goods to fully grasp consumer psychological needs.

Table 1: The proportion of SKU in the main categories of Hema supermarket

Main categories	food	Department store	fresh
SKU ratio	60%	25%	15%

5. CONCLUSION AND SUGGESTION

5.1 Conclusion

At present, there are many mainstream agricultural fresh e-commerce modes in our country. Although these modes have differences in specific operation, they still fail to get out of the scope of B2C mode. As the current leader of agricultural fresh e-commerce, Hema supermarket has adopted a new OAO mode and an innovative "supermarket + catering" mode to guide the development of marketing mode of agricultural fresh e-commerce.

Agricultural fresh products e-commerce has broad market prospects and huge potential. At present, there are still many problems. Agricultural fresh products e-commerce enterprises need to fully consider how to solve these problems while operating fresh agricultural products. In order to improve the logistics efficiency of fresh agricultural products and reduce costs, it also ensures the quality and safety of fresh agricultural products and improves consumer satisfaction.

5.2 Suggestion

5.2.1 Establishing and Perfecting the Standardization System of Fresh Agricultural Products

Agricultural departments should improve and refine the classification standards and quality grades of agricultural products in terms of size, specifications, weight and varieties according to the characteristics of e-commerce consumption, and support farmers' cooperative organizations to drive farmers to produce agricultural products in accordance with the detailed standards of agricultural products.

5.2.2 Establishing brand awareness of fresh agricultural products

At present, there is a small wave of climax in the fresh e-commerce of agricultural products, but there are still many common problems, such as lack of brand awareness, knowledge and information closure, resources scattered and difficult integration. We should speed up the cultivation of enterprises, farmers' cooperative

organizations and large-scale farmers to realize the transformation from "agricultural product marketing" to "brand marketing of agricultural products".

5.2.3 Optimizing Packaging of Agricultural Products

Enterprises should consider the protection, convenience, cost, freshness and environmental protection of fresh agricultural products packaging, and select appropriate packaging materials according to the specific packaging needs of fresh agricultural products.

5.2.4 Establishing and Perfecting the Whole Course Cold Chain Logistics System

Agricultural fresh products e-commerce needs to establish and improve the consciousness of the whole cold chain logistics system from the management concept, publicize and popularize the concept in the whole logistics chain, strengthen the cold chain connection between the upstream logistics chain and the downstream logistics chain, and especially need to guarantee the degree of fresh agricultural products cold chain preservation of the "last kilometer" logistics distribution, and ensure the logistics speed and efficiency of fresh agricultural products. Quality and safety.

ACKNOWLEDGEMENT

This work was supported by the grants from Hubei Provincial Collaborative Innovation Centre of Agricultural E-Commerce (under Construction) (Wuhan Donghu university research [2019])

REFERENCES

- [1] Based on Supply and Marketing Cooperatives: A Case Study of Shanxi Province [J]. Journal of Northwest Agricultural and Forestry University (Social Science Edition) 2014 (2): 61-66
- [2] Wu Chuanshu. Exploration on the Development Model of Fresh Electronic Commerce in Foreign Countries. World Agriculture, 2015 (5): 030
- [3] Zhou Hao, Ke Xianwen, Wang Lijie. Problems and Countermeasures of fresh goods e-commerce packaging. Packaging Engineering, 2016 (3): 185
- [4] Liu Jianxin, Wang Keshan, Zhang Chunlin. Main problems and Countermeasures in the development of e-commerce for fresh agricultural products. China's circulation economy, 2016 (12): 007
- [5] Dan Han, Jing Mu. The Research on the Factors of Purchase Intention for Fresh Agricultural Products in an E-Commerce Environment [J]. IOP Conference Series: Earth and Environmental Science, 2017, 100 (1): 121-125
- [6] Liu Gang. Innovation of Logistics Services in E-commerce of Fresh Agricultural Products. Business Economy and Management, 2017 (3): 002
- [7] Wang Xiaoyan. Exploration and analysis of the layout development of e-commerce brand "online + offline" [J]. E-commerce, 2017 (8): 38-39
- [8] Sheng Haizhao. Analysis of influencing factors of repurchase rate of fresh agricultural products in electronic commerce [J]. Jiangxi Agriculture, 2018 (4): 131