

Study on the Operation Mode of Dongguan Fresh Food E-commerce--Taking Yicaichang as an Example

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Abstract: The current penetration rate of fresh products in the field of e-commerce is low, and it is an area where many investors in the current e-commerce field are vying to compete. How to ensure the quality of the goods and deliver them to consumers in a fast and low-cost manner In the hands, it has been plagued by many fresh food e-commerce operators. With the continuous development of fresh food e-commerce, multiple operating modes have emerged. This article takes Dongguan Yicaichang as the research object. Through studying its "Internet + vegetable market+buying agent" fresh food e-commerce model, based on the analysis of its advantages and disadvantages, it is proposed that Yicaichang should take root in Dongguan and dig deeper into consumption. Demand, increase publicity, and strengthen the training of purchasing agents.

Keywords: Dongguan, fresh food e-commerce, Yicaichang

1. Introduction

Fresh products are products that are just needed for people's livelihood consumption. In 2020, my country's fresh food retail industry has a transaction volume of more than 5 trillion yuan, of which fresh food e-commerce transactions amount to 458.49 billion yuan, accounting for about 9.17% of the entire fresh food market. Although the proportion has increased compared with the past, the overall penetration rate of fresh food e-commerce is still relatively low, and it is expected that there will be a greater growth rate in the future, which is why many investors favor this field. Dongguan is a new first-tier city. According to the seventh census, the permanent population of Dongguan is 10,466,625, and the population aged 15-59 is 8,521,125, accounting for 81.41%. The huge population and younger population structure are Dongguan's population. The development of fresh e-commerce provides favorable development conditions, which has attracted many investors to open up the market in Dongguan. With the continuous development of Dongguan fresh food e-commerce, a variety of different e-commerce operation models have emerged. In addition to traditional e-commerce operation models, there are also operation models with local characteristics of Dongguan. This article will take the local fresh food e-commerce company-Yicaichang as an example, focus on the current situation and advantages and disadvantages of this operation model, and give development suggestions based on the actual situation.

2. Overview of Fresh Food e-Commerce Model

With the continuous development of fresh food e-commerce, my country's fresh food e-commerce has emerged in a variety of operating models, which can be summarized as the traditional fresh food e-commerce model, "home" model, "store + home" model, and "counter" model. And the community group buying model. The characteristics and main examples of different modes are as follow:

2.1. Traditional Fresh Food e-Commerce Model

Use traditional e-commerce platforms to distribute fresh products to consumers, usually on the first or second day, such as Tmall Fresh, JD Fresh.

2.2. "Home" Mode

By setting up front warehouses around the community or cooperating with offline supermarkets, etc., fresh products can be quickly delivered to consumers within one hour, such as Daily Fresh Food, Dingdong Shopping, JD Daojia.

2.3. "Go to Shop + Home" Model

Open stores around the community and serve users who are 1 to 3 kilometers around the store as the center. You can go to the store for consumption and deliver to your home within 1 hour, such as Fresh Hippo, Aunt Qian, 7Fresh.

2.4. "To the Counter" Mode

Set up fresh self-pickup counters in public restricted areas such as communities or commercial buildings. Generally, the platform first collects user needs in advance, then purchases from the production area and then distributes to the self-pickup counters of communities and commercial buildings, such as Fresh Food.

Community group buying model: With the community as the core, consumers recommend through the group leader or place an order on the e-commerce APP/mini program by themselves, and pick up at the group leader the next day, such as Meituan preferred, a lot of grocery shopping, orange heart preferred.

Among the above operating models, the community group buying model, the "to-home" model and the "to-store+to-home" model are relatively more popular. They all meet the different needs of modern consumers, so they are also popular in the current fresh food e-commerce market. Three operating modes. Although these models are more popular, they still cannot satisfy consumers' demand for the quality of fresh products. According to the industry report made by iResearch on China's fresh food e-commerce in 2020, it counts the factors that consumers in different levels of cities value when shopping online for fresh food (as shown in Table 1). Consumers in first- and second-tier cities value most It is the quality and freshness of the product, followed by the price. For Dongguan, a vibrant new first-tier city, most people pay more attention to the quality and freshness of commodities in their consumption. The several modes mentioned above allow consumers to place orders through online platforms or APPs, which are delivered to consumers in a relatively fast manner, and then combined with better after-sales claims to dispel consumers' doubts. Even so, in reality, some consumers are skeptical about online purchases of fresh products because they cannot see the real products. In this context, in order to better meet consumer demand for fresh products, Guangdong Yicaichang Technology Co., Ltd. has launched an APP that enables customers and users to communicate with each other in real time "face-to-face". It can better solve consumers' concerns about the quality of fresh products.

Table 1 Factors that Chinese consumers at different levels of cities value when shopping online for fresh food in 2020

Importance	Consumers in first- and second-tier cities	Consumers in Tier 3 and below cities
TOP1	Product quality and freshness	Commodity price
TOP2	Commodity price	Product quality and freshness
TOP3	Delivery speed	Delivery speed
TOP4	Category richness	Category richness

3. Overview and Development Status of Yicaichang

3.1. Introduction to Yicaichang

Yicaichang is a fresh food shopping service app that allows customers and users to "face-to-face" communicate seamlessly in real time. It was launched and operated by Guangdong Yicaichang Technology Co., Ltd. in 2019. It mainly provides online purchase of goods from nearby vegetable stores, such as fruits. After the user places an order for oil, salt, vegetables, etc., the goods are delivered to the door by the rider. Yicaichang is a fresh food app that moves the vegetable market from offline to

online. As a new form of "fresh food retail" serving the people's livelihood, Yicaichang integrates the high-quality resources of vegetable market vendors, and then uses the delivery model to build an online "virtual vegetable market" within a few kilometers of the vegetable market. Eicaichang strives to provide consumers with a "fresher, healthier, and more convenient" life experience through methods such as selected dishes, video shopping, and non-standardized purchases.

3.2. Development Status of Yicaichang

Through a series of publicity and promotion, Yi Caichang APP expands users, enriches customer groups, creates community customer groups, builds advantageous platforms, reshapes terminals, optimizes distribution systems, etc., and comprehensively enhances the comprehensive competitiveness of the platform. The online shopping mall makes full use of the massive information of the Internet to mine offline resources, and at the same time breaks through the geographical constraints of the traditional vegetable market to facilitate shopping and carry out precision marketing. After nearly two years of development, the platform has accumulated more than 10,000 active members. At present, Yicaichang's grocery shopping business has completed full coverage of services in the Dongguan area, and is further expanding to Guangzhou, Qingyuan, and Huizhou, and will quickly advance to other cities in the Pearl River Delta. Based on the needs of rapid business development, Yi Caichang is now fully opening up project cooperation.

4. Analysis of the Advantages and Disadvantages of Yicaichang's Operation Model

Many people know that the fresh food industry, due to its own characteristics, has invested hugely in the integration of supply chain, warehousing, and logistics. Therefore, it is necessary to complete the whole chain layout of fresh food from the source to the consumer's table, using "burning money like water" to describe the whole. The process is not excessive at all. But if you leave aside the factors that aggravate the fresh food e-commerce platform such as centralized purchasing, warehousing, and logistics, and adopt a light model, will the fresh food e-commerce platform find another way to make a profit? With such thinking, the Yicaichang team did a lot of market research and experimentation, and finally figured out a new model-empowering the traditional vegetable market. Combined with the current environment, its advantages and disadvantages are as follows:

4.1. Advantage Analysis

It allows consumers to see the purchased goods more intuitively, improves consumers' trust in the quality of the goods, and helps increase the repurchase rate. The special feature of Yicaichang is that users can select ingredients like visiting a vegetable market through video, and can directly see what dishes and dishes are new.

Make full use of the traditional vegetable market, rich in product categories;

There is no storage cost, and the operating cost is low. Yi Caichang mainly provides an online sales channel for the merchants in the traditional vegetable market by empowering the traditional vegetable market. Therefore, it does not require a backlog of goods and does not need to set up a warehouse, which greatly saves the storage cost of fresh food e-commerce, compared with other mainstream operations. In terms of model, it has a greater advantage. Ou Qiongshan, the person in charge of the market operation of Yicaichang, believes that "self-built storage is not necessary. The layout of traditional vegetable markets is scientific. Generally, the government arranges locations according to the population, the density of the community, and the geographical environment. They are used in the purchase and preservation of vegetables. With rich experience, it is equivalent to a natural warehouse."

It is more in line with the consumption needs and habits of traditional consumers. Fresh products have always been sold through traditional channels due to their high storage requirements. Therefore, such products are mainly based on traditional markets. In addition to the reasons for the products themselves, it is also because consumers have long used this method. Procurement results. Therefore, Yicaichang's operations relying on traditional vegetable markets and modern Internet are more in line with the consumption habits of modern consumers.

Fast delivery. Compared with other local fresh food companies in Dongguan, Yicaichang all uses self-provisioning teams to improve distribution efficiency and service experience. Yicaichang promised

to deliver fresh ingredients to consumers as quickly as possible, within 26 minutes within a 3.5 km distribution range.

4.2. Disadvantages Analysis

The publicity and promotion efforts are not strong enough. The early stage is mainly for the merchants in the traditional vegetable market and older consumers for publicity and promotion, but the popularity among the younger generation of consumers is not high, and its promotion is not strong enough. Large, relatively different from other crazy money-burning operating models, and its relatively conservative approach gives consumers limited discounts.

The requirements for the purchasing agent are higher, and the communication cost between the customer and the purchasing agent is higher.

5. Suggestions for the Development of Yicaichang

Through its efforts and attempts, Yi Caichang has been able to break through among many giants by empowering the unique operating model of the traditional vegetable market in the market environment surrounded by fresh food giants, even if it has an incomparable advantage in terms of storage costs. But there is also the disadvantage of limited funds. To further develop steadily, it is necessary to pay attention to the following aspects.

5.1. To Lay a Solid Foundation and Dig Deeper into Consumer Demand

Since Yi Caichang has not been established for a long time and lacks the support of venture capital, it is not suitable for large-scale and rapid expansion. The target consumers in the local market of Dongguan should be stabilized, and their potential needs should be explored in depth to increase consumers' stickiness to the platform. This will increase the repurchase rate and ultimately promote the steady development of the platform.

5.2. Increase Publicity Efforts

The popularity of Yicaichang's app is still relatively low compared to other fresh food e-commerce platforms. It can use the power of the community to expand its publicity effect, such as giving recommenders a certain amount of referral fees, and regularly launching some promotional activities, rather than simply in the vegetable market Put a simple advertisement at the door for publicity. Because price is also a more important factor that affects consumers' purchase of fresh products, regular promotional activities can increase customer unit prices and repurchase rates.

5.3. Strengthen the Training of Professional Purchasing Agents to Reduce the Time Cost of Purchasing Agents

Because one of the characteristics of Yicaichang is the purchasing of non-standard products. This work is mainly carried out by professional purchasing personnel to the vegetable market to purchase according to customer needs. The communication cost in the middle is relatively high. Therefore, it is necessary to train the purchasing personnel to improve their communication. The ability to express and other aspects, thereby reducing the purchase cost of the entire order.

6. Conclusion

Fresh food e-commerce is a blue ocean in the field of e-commerce, and it is also a market that many investors are vying for. In the continuous development and competition, a variety of different operating models have emerged, but there is no successful profit model yet. Worth learning. As a local fresh food e-commerce platform in Dongguan, Yicaichang creates a fresh e-commerce model by empowering the traditional vegetable market. This model has huge cost and quality assurance advantages, but also has insufficient funds and publicity. If it is to continue to develop and grow, it must be combined with Dongguan's local consumers to in-depth exploration and optimization of the operating model.

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