

The Dilemma and Outlet of Chain Convenience Stores from the Perspective of New Retail

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Abstract

This paper analyzes the internal and external dilemmas faced by chain convenience stores under the new retail situation, and proposes specific measures, such as commodity diversification, service diversification, logistics efficiency, O2O model, and big data mining. This paper has certain reference value for the development of chain convenience stores.

Keywords

Chain convenience store; New retail; Dilemma; Outlet.

1. Introduction

Convenience stores cater to the needs of consumers because of specialization, refinement and differentiation. They also have small coverage, high density and close proximity to users, which makes it can rapid development even though the e-commerce to have a strong impact on entities. Then, in the context of new retail, how can convenience stores seize opportunities again, make up for the weakness of their own e-commerce, and take advantage of physical stores to achieve a win-win outcome no matter online and offline .

2. Internal dilemmas

2.1 Lack of features of goods

Convenience stores adopt a traditional one-to-one transaction-based procurement model, and rarely cooperate with suppliers to develop specialty products. The lack of featured commodities will lead to non-differentiation of commodities, fierce competition and low gross profit margin. On the other hand, it is difficult to form a differentiated advantage from retail supermarkets such as supermarkets, specialty stores and hypermarkets.

2.2 Lack of self-owned brand awareness

Convenience stores only act as “salesmen” in the supply chain, earning the difference. Compared with foreign merchants, they not only sell the goods of the suppliers, but also cooperate with the supply to develop their own branded goods. For example, there are many products of their own brands in Watsons,, these products are cost-effective and subject to consumption. Convenience stores overlook the importance of developing their own branded products.

2.3 The logistics system is not perfect enough

Although the system management of computer information is introduced, but the logistics and transportation management is also not perfect. The distribution center has problems such as irregular operation, low standardization, and insufficient professional staff, resulting in low distribution efficiency. The delivery time is fixed, not flexibly adjustedand. The specific conditions such as weather, traffic, and holidays are not taken into account, resulting in out-of-stock situations.

3. External dilemmas

3.1 Foreign retail enterprises join the ranks of competition

As China gradually lifts restrictions on foreign investment in China's retail industry. Many companies from all over the world have entered China, such as Wal-Mart, Lotus, Carrefour , etc. These foreign-

invested retail companies have strong capital and rich retail experience, and also have matured in supply chain and employee management. system. The convenience store industry will face fierce competition.

3.2 Not applicable to rural markets

Convenience stores have certain requirements for consumers' consumption levels, consumption habits, and crowds. They are more suitable for large and medium-sized cities with developed economies, mainly in densely populated areas. In areas where rural people are scattered, villagers are more sensitive to price and the development of convenience stores is limited.

3.3 Is more susceptible to competitors

Due to the small size of the store and the limited range of radiation, the convenience store is mainly a neighboring resident. If there are many similar convenience stores in the same range, it will have an impact on the store traffic, and some customers will be diverted to other convenience stores. Customer loyalty will be lower when competitors do some promotions. Consumers will choose a convenience store with a low price if there is no difference in the goods. Convenience stores are more susceptible to competitors when they don't have their own specialty products or neglect to provide quality services.

4. Solution

4.1 Rich goods

The core business of convenience stores is to sell goods, mainly based on fast and convenient food and daily necessities. In the face of the impact of online shopping and take-away business, convenience stores must adjust their product mix strategies. Convenience store outlets cover high-speed rail, coastal motor trains, schools, hospitals, military units, commercial buildings, city administrative centers, gas stations, streets, communities, enterprise factories, etc., should do accurate research on consumer groups according to the shops of different outlets, in order to understand their shopping habits and buying characteristics, then adjust the store's merchandise category and brand.

4.2 Provide multiple services

Service is a tool for convenience stores to show their advantages in physical stores and compete with e-commerce, supermarkets and hypermarkets. Convenience stores can directly reach consumers, provide more personalized services, and enhance the customer experience. Any service that consumers need, but not convenient, can be put through the convenience store's store, so that the convenience store's service penetrates into the customer's daily life. The development of convenience stores in the future is not only to sell goods, but also to focus on providing and selling services, emphasizing the "housekeeping image". First, redesign the store's store in the convenience store, and add a dining area or study area. Secondly, increase the convenience store's service content such as pick-up point, express delivery service, charging service, credit card consumption, game card, recharge item, ticket sales, public utility payment, etc.

4.3 Improve logistics efficiency

Efficient logistics plays an important role in the competition of convenience stores. Having an advanced logistics distribution system will greatly guarantee the rapid operation of convenience stores, reduce operating costs and enhance customer experience. Convenience stores have not been involved in fresh food. From the perspective of consumer demand and the development of current logistics and distribution technology, the problems faced by fresh food distribution will be solved, and this will be a breakthrough point for future profitability. Convenience stores can try to work with suppliers of fresh produce to deliver fresh green produce directly to stores or residents' homes. Convenience stores combine the advantages of intensive store and efficient distribution, and give full play to their unique advantages in operating fresh products, realize online and offline joint operations, and coordinate distribution, which not only reduces operating costs, but also reduces the rate of fresh loss, and meeting consumer needs, then create new profit points for enterprises.

4.4 Establish O2O mode

Convenience stores must seize the opportunity of new retail development, develop O2O mode, such as establish tradable independent websites, APP, service numbers, launch new activities, etc. For community residents who are busy with work, browsing the goods through the network, place orders directly online, and take the goods through the stores when they get off work. It is also possible to provide customers with home delivery if the conditions are met. The convenience service module can set interactive functions online, allowing customers to submit requests, and the clerk handles them in a timely manner within a specified time. For example, the customer requests to purchase flowers, the detailed requirements and contact information can be submitted to the convenience service module through the APP. The clerk arranges the purchase and delivery, and collects the corresponding handling fee. The two-line linkage method will increase sales of convenience stores, enhance customer stickiness, and increase brand loyalty.

4.5 Using big data

The introduction of advanced information systems not only makes the management of convenience stores more scientific, but also has higher business efficiency. The headquarters can also keep track of the operation status of the convenience stores, product sales, customer feedback and other information. In the era of big data, information systems not only play an important role in management, but also play an important role in the data obtaining. Customer demand is the starting point of all business. As a retail terminal, convenience store is directly in contact with consumers. It collects, analyzes and feedbacks the data of demand information, which can be used by enterprises to improve products and even develop new products. Convenience stores can transform the POS system, record the consumption information of different customer groups at each network, mine the consumption habits behind the data, make accurate predictions for the user needs of different outlets, and provide reference value for stocking or developing new products. The rapid processing and analysis of data will also become a competitive advantage for convenience stores in the future.

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Project Source

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