

Research of the Construction of Supermarket Chain Company's Base Procurement

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Abstract: With the improvement of people's living standard, Quality of agricultural products and Food Safety are increasingly taken seriously. But in the current circulation system of agricultural products, there are some issues such as a higher distribution cost, product quality difficult to be assured, and so on. Therefore this paper gives the idea of construction the base procurement in supermarket chain enterprises, and puts forward some suggestions from the base of the strategic positioning of the procurement, purchasing patterns, sales channels, and so on.

Keywords: Supermarket Chain; Base Procurement; Agricultural Products; Fresh Goods

I. Introduction

In recent years, with the structural surplus of agricultural goods and the continuous improvement of people's living standards, people show increasingly concern on food quality. However, due to the irrational use of agricultural inputs (such as pesticides, veterinary drugs, fertilizers, etc.) ,the deterioration of agricultural ecological environment, the imperfect of market access system, the backward supervision means and so on, problems about quality and safety of agricultural products are conspicuous. Thus, consumers not only care about prices of agricultural products, especially the demand of fresh goods, but also pay more attention to the product quality, taste, green, organic, pollution, safety and features of technology and so on. How to get consumers to buy cheap fresh goods with good quality is to be considered as a problem closely related to people's livelihood.

Under the current scale of agricultural production, production has seasonal, regional, dispersion characteristics and a large number of people's demand for agricultural products in recent years is becoming massive, diversified, sophisticated and dynamic. This trend inevitably produces a conflict in supply and demand, and now the circulation system of agricultural products is increasingly difficult to adapt to new market trends. There have been serious problems, such as the high cost of transportation, storage and processing of fresh, small circulation radius of such links, the transport losses and so on. It results in an oversupply of agricultural products in the origin where agricultural products have to be sold in low price, while in the market it emerges a market

segmentation situation where agricultural products' price is soaring due to short supply [1]. This has brought a great impact on the traditional market.

Fresh goods in supermarkets are a key unit in the circulation of agricultural products. The management model of supermarket provides customers with safe, high-quality, diverse, choice-style needs. At the same time, supermarkets are considered as an advanced model for the other sales models to provide a good demonstration effect [2]. Therefore fresh goods in supermarkets are a spokesman for the customer demand. In the face of unsound operating mechanism of the market, inconsistent quality, unstable prices, uncertain supply and other negative factors, there is a need to guide and integrate the supply chain and sales model. In order to meet business restructuring of the store, it is useful to promote base procurement construction, integrate and enhance the fresh goods supply chain's overall competitiveness. Therefore, issues to be discussed in this paper are (1) connotation of the base procurement model and differences between it and traditional procurement methods; (2) strategic positioning of base procurement; (3) channel management of base procurement.

ii. The Connotation and the Comparative Advantage of the Base Procurement

The basic content of the base procurement of fresh goods is that it is a new procurement model which uses the scale of purchases, as well as stripping the middle of multi-channel links, reduces procurement costs, enhances product quality, increases store profit margins and establishes a direct cooperation between farmers [3]. And it is also a management process which is used to standardize and improve its operational circuit. Compared with the traditional procurement methods, procurement methods have the following comparative advantages:

1) Strip inter mediate links, improve cost of goods and enhance price competitiveness

Base procurement is the most fundamental way to procure fresh goods. The base procurement officers would be deployed to the place where goods are produced. They organize the process work, such as production, acquisition, transportation and so on. By stripping the middle of the dealer links, it is of great significance to

control and reduce operating costs, to order to ensure that the fresh goods' prices have competitive advantage.

2) Ensure the stable quality effect

In the harvest season of the product, base procurement staff will gain firsthand experience in the origin, according to their pre-set specifications and the procurement standards, such as shape, texture and so on. Then they organize purchasing activities in order to optimize the quality of goods and to reduce loss of supermarket stores from the source and to improve satisfaction and initiative of supermarkets.

3) Ensure the continued and stable supply of goods

Through the establishment of close cooperation and procurement-type bases, procurement staffs go to base of farmers observing harvesting, storage, transportation and other links. Then they have a better understanding of production in the origin, logistics and other conditions. It is timely, adequate and orderly to purchase storage in order to enhance the rate of supply.

4) Form a fresh goods sales model with operating characteristics and differentiated advantages

Strengthen the construction of fresh goods bases. Through improving quality, forming price advantages, using new, extraordinary and special order-purchase, the base procurement will have greater competitive advantage in the variety, quality, price, supply and so on. In order to manage differently, the dislocation competition provides an effective protection[4,p73-76].

III. Strategic Positioning of Supermarket Chain about Bases Purchasing

As fresh goods' durability is usually relatively short, this requires supermarket chain companies to determine the based procurement position according to local conditions. This paper argues three approaches to improve enterprise competitive advantages.

1) Form a cross-regional, large-scale, differentiated strategic pattern

First, expand the scale of bases, increase the proportion of the sale of bases goods, and reduce the procurement impact caused by the instable market. This mainly relies on establishment of bases in the local agricultural resources. At the same time, establish bases in other provinces or municipalities to form a foothold locally, thus extending their reach for fresh goods bases procurement networks of the whole nation. Thus, on the one hand, take full advantage of local agriculture-related sectors and professional advantages of resources as well as utilizing the expertise of professionals to control the source of goods quality; on the other hand, according to seasonal changes, adjust base commodities flexibly in

order to carry out continuous and long-term procurement from the source.

Second, strengthen the bases by developing new product and introducing varieties of agricultural goods. Turn the base goods orders from the conventional varieties orders to self-developed ones, with the help of the Academy of Agricultural Sciences and the regional agricultural bureau resources to produce new-developed species. Base buyers take full control from seed procurement to the whole process of purchase of agricultural products, to order to ensure product quality. At the same time, evaluate the operating costs of each link to determine the price of base procurement. Furthermore, carry out a one-time procurement and promote multi-channel, which not only meet the customers' need for the new, extraordinary and special goods, but also expand their profitability.

2) Set up a diversified base of procurement models

According to the different characteristics, base size and sales volume and other factors of fresh goods, the base buyers in the procurement process should be bold, creative and explored effective procurement models which are in line with the base of features, such as: large orders purchase type (referring to a larger quantity for a one-time procurement models, such as Fuji procurement), the close division of labor type (referring to the division of work for both sides of procurement models, such as vegetables procurement), orders the agricultural type (generally applicable to special procurement requirements) and so on. According to the merchandise variety of features, the implementation of a wide range of procurement models can ensure the quality of goods and advantage of price.

3) Base on space labor of fresh goods, space geography "two transfer" to strengthen the supply chain cost control

As society develops, people's working pressure is increasing. Future customers' concept of time is getting stronger. How supermarkets reduce the customer's shopping time as well as processing time and play a good customer "process kitchen" will be a focus of the future fresh business. At present, base procurement gets fresh goods roughly operated at the source, in order to achieve transfer of space labor from the source on the supply chain and improve cost control and save logistics and processing cost of goods, thus increasing the gross profit in the source procurement; In addition, because some agricultural products are impatient with long-distance transportation and consumers demand for good preservation of agricultural products, base procurement needs to guide the farmers to implement the transfer of cultivation in the geographical patterns of space and shorten the delivery radius in order to decrease the loss of goods and operating costs and enhance product competitiveness.

IV. Recommendations for Channel Management about Base Procurement

1) Set up diversified sales channels of base goods

As the base procurement of goods tend to have requirements of traffic, establishing a diversified sales channels, on the one hand, can reduce the loss of some goods which amounted to less than a traffic demand; on the other hand it can increase the sales of goods by using sales model to further reduce the size of the purchase cost of goods in order to achieve greater profit margins[5,p101-103]. Therefore, the base goods are often through fresh daily briefing, retail price suggesting and other internal information networks, providing a timely information to store such as the upper and lower time, price fluctuations and quality of information and so on to guide the shop to reasonably price, display and marketing, in order to achieve a major breakthrough of base goods in the supermarket store sales. At the same time, the base buyers also focus on expanding distribution channels for the community, and plan to set up a professional wholesale distribution points, use market size and operational concepts to guide farmers in cultivation technology base and excellent varieties, to broaden the base for goods procurement and sales scale.

2) Effectively protect the base of goods in cost effective advantages

First, establish and improve the fresh goods information card. With years' development of fresh goods bases and the increasing number of bases and a growing size of the base and increasingly rich variety of goods, base buyer's control is becoming increasingly difficult. So in the actual operation, it can utilize product data base cards: including trade names, different origins (bases), picking period of time of the origin of goods, base visits, negotiation time, time to market, merchandise sales period, as well as the origin of the quality characteristics of goods, price trends and fluctuations and the base assessment standards and so on. By continuous improvement and updating of information cards, base procurement staff can fully understand the different related information of the product and make a choice according to the demand and ensure a sustainable base for fresh procurement of goods, thus to a large extent, solving the contradiction between the price and the selling price.

Second, establish a standard of base goods quality to require bases to produce on-demand and implement large orders procurement operation. Fresh goods are procured at the source. The buyers first combine their own characteristics and then carefully research market conditions, competitors, and customer-owned stores to determine and optimize the procurement standards of base goods. Then according to demands of base goods'

specification, quality, price and other aspects, the base partners and the supermarket stores, procurement and base co-determine the production process and production, to increase the store of the base product satisfaction.

3) Strengthen the policy guidance to the base farmers

At present, some major growers have a better ability in the goods grown, health, safety and storage and transportation and so on. But due to the lack of business sense and experience in national policies, market mechanisms and other aspects, base buyers need to establish fresh bases[6][7]. At the same time, timely guide the base to build professional cooperatives, in order to upgrade the base operating and competitiveness in these areas. Establish a close co-operation base model which is suitable for modern large circulation and the development of supermarkets to advance the process of agricultural industrialization.

4) Make efforts to build a production and marketing docking cropping patterns

Due to lack of market demand and supply of information to base farmers, the phenomenon that part of the staple agricultural bases are similar to each other is serious. However, agricultural products which have a sales space, are in insufficient supply thus resulting in a relative gap between market supply and demand. Therefore, the procurement staff should timely guide and encourage the farmers to cultivate agricultural products which have a sales space[4,p73-76]. Implement order-type plant procurement, and constantly increase range of products of agriculture extension orders and make production and marketing of agricultural products truly docking.

V. Conclusion

In the future of construction of fresh goods base, base procurement still needs to constantly improve careful management and deep-processing. Take the road of diversification and conscientiously implement the procurement concept of the production and marketing docking and the whole process control from the base to the retail. Further excavate, broke down the source of resources and effectively enhance the core competitiveness of goods. Then achieve supermarket Chain Company's strategy to goods category positioning, as well as making a foundation for store operations.

References

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