Analysis of New Retail Model of Entity Business in Internet Environment

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Abstract—The entity retail industry has transformed into "new retail" with the extensive use of advanced technologies such as Internet of Things, cloud computing, and artificial intelligence in the retail industry. This paper proposes a series of solutions after analyzing the problems of marketing mode, logistics distribution and price confusion in the transformation process of traditional entity retail enterprises and combined with the future development trend of new retail.

Keywords—New retail, E-commerce, Entity store transformation

The 2017 was called the new retail year in the industry. The entire retail industry quickly won this "window" at a speed far exceeding expectations. All merchants followed the trend of consumption upgrades and increased their layout. New retail models connecting online and offline continued to emerge. In the past year, both e-commerce platforms and traditional retail stores have carried out large-scale path-finding operations, including "new species" such as unmanned convenience stores, which have entered the people’s field of vision. Although the models are different, the ideas are consistent. They are all taking advantage of online data to optimize offline consumption scenarios, which is the core concept of new retail.

I. THE CONNOTATION OF THE NEW RETAIL MODEL

"New retail", that is, the new mode of "online + offline + logistics" of smart business. Online refers to the cloud platform, offline refers to the sales of stores or manufacturers, the new logistics eliminates inventory, reduce the amount of goods. Its core is the comprehensive opening of consumer-centric membership, payment, inventory, services and other aspects. In this mode, the entire channel can be opened, consumers will no longer be limited by online and offline short-boards, which will truly reach the maximum experience. The new retail restructured the business elements such as "people, goods, and fields", which changed the relationship of consumers and merchants, consumers and consumers, production and retail, and experience and purchase.

II. THE KEY FACTORS IN THE DEVELOPMENT OF NEW RETAIL MODELS

First, the guarantee of "new retail" is the vigorous development of productivity and modern information technology. In the past, the productivity level of retail enterprises was relatively low, and Internet technology was not perfect. However, network infrastructure has been developed, and big data and cloud computing technologies have been widely used, making the productivity of "new retail" relatively high.

Second, the basis of "new retail" is digitization. In the past, the retail model did not perform statistical analysis on consumer purchase information, and it was an anonymous consumer. In the "new retail" model, consumer information will be recorded through online and offline integration. After long-term consumption and statistical analysis of consumption data, consumers' consumption preferences will be discovered. Through data analysis, the production relationship is gradually optimized, and sales efficiency is gradually improved and transaction costs are reduced. Through the combination of online and offline, "new retail" makes the prices of e-commerce and entity retailers the same, no longer need to compare the prices of the two, in order to avoid the loss of consumers caused by the purchase of high prices.

Third, both e-commerce and retailers are involved in the relationship between supply and demand. The advantages of e-commerce companies are data analysis and information processing, while logistics processing capabilities are its shortcomings. The situation of traditional retail enterprises is just the opposite. The "new retail" is to take into account the advantages of both, to make up for the shortcomings of online and offline, so that "new retail" better meets the supply and demand relationship in the form of low cost, high quality and high efficiency.

III. THE PROBLEM OF THE NEW RETAIL PROCESS OF ENTITY RETAIL TRANSFORMATION IN THE INTERNET ENVIRONMENT

A. The Marketing Model is not Compatible

Entity retail is mainly targeted at relatively close fixed groups. In the sales process, the focus is on the goods themselves, and more experience is focused on product quality and price advantages. The core of marketing is to increase sales, while the exchange of brand values is ignored. New retail breaks through time and space constraints, and its core marketing is people-oriented, focusing on content communication and establishing an emotional connection between consumers and products. Secondly, the marketing of entity retailing is more influential in the promotion, usually through the use of discounts, gifts, etc. to promote overstock and unsaleable goods, or promote the popularity of new products through advertising. Finally, the rapid development of online retailing has also brought about tremendous changes in consumer behavior. Traditional
brick-and-mortar retailers are less aware of these changes and lack innovative marketing concepts. In the new retail model of "new retail", there is no clear boundary between online and offline, and the marketing model should be both complementary.

B. The Price System is Chaotic

To maintain the competitive advantage of online retail, the price must be lower than the offline price, which is very likely to cause confusion in the price system. The reason is that online retail has a greater cost advantage than entity retail. Another reason is the joint marketing model of retail companies. Brand manufacturers sell their products by renting stores, counters or shelves, and the store makes money by extracting these points. In this model, retail companies are unable to achieve deep self-management, and their control and decision-making capabilities are largely limited by brand owners. Take Suning as an example, it provides customers with additional discounts in the form of discounts, gifts, coupons, etc., to attract customers to consume in entity stores, which is obviously not conducive to the unification of the two-line price system. In addition, some brand owners are concerned that the unified price of the two lines will inevitably reduce the offline price, resulting in the compression of the overall profit margin. If the supplier does not support it, it will be the biggest obstacle to the unified implementation of the price.

C. Logistics Distribution is Seriously Lagging Behind

The customer's requirements for the timeliness and safety of logistics and distribution are the key issues that need to be solved urgently in the new retail transformation process of traditional retail. Traditional retail enterprises have a large logistics distribution system and a relatively complete service system, but this B2B type system can only meet the point-to-point distribution, limited to a relatively single business, and lacks flexibility. In the "new retail" model, logistics needs to respond to customer needs in a timely manner, providing one-to-one service for each consumer, including a small number of goods, a large delivery area and a wide range of services. Such a huge difference makes it difficult for traditional logistics distribution methods to adapt to new demands, which can easily lead to an increase in logistics costs and a reduction in consumer experience.

IV. SOLUTION TO THE PROBLEM OF ENTITY RETAIL TRANSFORMATION UNDER THE INTERNET ENVIRONMENT

A. Make Integrated Marketing

"Integrated marketing" means that online and offline should be closely combined and cooperate with each other to integrate marketing. The online is drained to the offline and the offline pushed down to the online. That is to take advantage of the inherent advantages of entity retail, and apply management experience and operational resources to the network platform to provide customers with more information services, offline experience, online ordering and store selection. Build a CRM customer relationship management system. Online retail companies maintain a large number of members through "e-commerce + content". Traditional retail companies also participate in the integration strategy, through the formation of interactions between modern communication means such as QQ, WeChat, Weibo, such as real-time. market information, online activities, and preferential agreements, allowing consumers to choose their own trading methods. While the cost of marketing management is reduced and marketing is synchronized, it also improves the customer experience. In addition, it can also cultivate customer loyalty to a certain extent, which is conducive to the sustainable development of the company.

B. Unification of Online and Offline Prices

In order to achieve deep integration between online and offline, and to take advantage of each other, it is necessary to limit the flow to a certain extent, and at the same time it should break through regional constraints and reconstruct the price of "people, goods, and fields." To this end, the following points should be made: First, constrain the entity retailer's joint marketing conditions, especially to regulate and supervise the implementation of entity chain retailers, and unify the prices of products sold in different stores; secondly, between online and offline stores. It is necessary to form a rationalized benefit distribution plan. Finally, build a system that can realize member information and inventory sharing, integrate online and offline shopping guide resources, and regularly train employees to maintain a balance between online and offline shopping guides.

C. Improve the Logistics Distribution Mechanism

To completely solve the problem of serious lag in logistics and distribution, it is necessary to understand the process of logistics distribution under the "new retail" model and adopt a new model of "traditional logistics + third-party logistics". The first stage is "Supplier-Retail Store". At this stage, the original traditional distribution method can continue, but the number of products should be reasonably selected according to the customer's demand data held by the store to reduce inventory and cost. In the second stage, "retail store-consumer", this stage of logistics and distribution directly determines the time consumers accept the goods. Therefore, third-party logistics should be introduced, such as the "courier box" set up by the community, which can solve the "last mile" problem. With the popularity of the "new retail" model, the demand for logistics and distribution will gradually increase, and the express box will gradually form a certain scale effect, and the distribution cost will also decrease.

V. CONCLUSION

In general, the arrival of the "new retail" era is the result of long-term accumulation of business nature. The combination of online and offline, big data and modern logistics can truly create new retail. Consumers have become the real protagonist, and the consumer shopping experience has been fully upgraded on the full-link platform of person-goods-objects.
REFERENCES
