

Building a Supply Chain System to Create a High-end Route - Taking Pagoda as an example

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Abstract. The development of a supply chain is of great significance to enterprises. This paper explores the business model of Pagoda from the supply chain system of Pagoda. Based on the supply chain analysis, the existence of the supply chain concept is underdeveloped. Supply chain management systems are not sufficient to analyze and make recommendations. The establishment of a fresh supply chain in Pagoda consists of three main aspects: First, the establishment of the supply chain focuses on fresh planting links, from the location of more than 200 fruit planting bases, the establishment of 17 fresh distribution centers, and the source of quality control of fresh produce. Second, establish multifaceted fresh fruit grading criteria to improve fruit quality, strengthen quality consistency, and build brands. Widen the brand premium and gross profit space, laying the foundation; Third, on the one hand, it strengthens the scale of the direct fresh-picking base, and, on the other hand, the single-product brand thinking operation further expands the company's differentiated pricing space. Through its internal development and external capabilities, Pagoda influences and manages the entire industry chain, from fruit cultivation to retail. Pagoda is also directly involved in the plantation to ensure the production of high-quality fruit, implementing professional or standardized quality management throughout the industry chain.

1 Introduction

With rapid social and economic development, people's needs for food are increasing. According to the National Bureau of Statistics, the per capita consumption of dried and fresh fruits and melons per capita in China has increased from 40.7 kg in 2013 to 61 kg in 2021, which is an increase of nearly 50 percent in eight years. And, due to The fruit quality grading system is not unified, a large number of consumers cannot distinguish good fruit from bad fruit based solely on their personal experience, which to some extent aggravates the "whiplash effect" caused by market changes and generates a large amount of waste. In addition, the supply chain management level is not uniform, which also means a large number of fruits are wasted in the chain to reach consumers, which has become China's agricultural cold chain logistics construction and brand building in the urgent need to solve the problem. The promotion of China's agricultural and rural modernization process cannot be separated from the cold chain logistics construction and brand building of agricultural products.

From the point of view of existing research, a good supply chain of fresh agricultural products and branding of agricultural products are of great significance to the process of modernization of agriculture and rural areas in China. Agricultural branding strategy is a necessary path for the current transformation of agricultural modernization.

This study uses the Business Model Canvas to analyze the business model of Pagoda, explores the three highlights of Pagoda's successful completion of the fruit industry value chain, fresh grading standards, and the supply chain system of branded fresh produce, and summarises Pagoda's integration of upstream and downstream information, the implementation of the whole industry chain specialization, and standardized quality management.

2 Business model analysis of Pagoda

2.1 Customer Segmentation

Customer segmentation refers to one or more customer classification groups served by a business or organization. Pagoda's customers are mainly an increasing number of middle to high-end consumers, who are more concerned with the quality of products and services, less sensitive to price, and a certain extent, need products and services to bring some emotional value to them.

In addition to this, the customer base of Pagoda also includes corporate and wholesale customers who are in strong demand for expansion[1].

2.2 Complete fruit industry chain ecological system

The fruit industry chain can be divided into cultivation, post-harvest processing, distribution (logistics and storage) and marketing. The development of the fruit industry chain in China is generally inefficient compared with developed countries, and the problem of high wastage due to multi-level distribution. The industry's loss rate ranges from 35% to 45%, which, coupled with high logistics costs at various levels, results in low-profit margins for the industry. Losses are gradually decreasing thanks to the continuous development of supply chain technology and the practical application of warehouse logistics and cold chain technology.

Since 2003, Pagoda has been building its bases and looking for deep cooperation bases in Jiangxi, Shandong, Hainan, Yunnan, and Xinjiang. As of 2018, there are more than 19,000 mu in Jiangxi Province and 230 cooperative bases around the world. Behind the planting management is the technology and production materials.

In 2003, Pagoda began to accumulate a technical team and introduced core technology from Taiwan. In 2004, Xu Dianxin, a master of Taiwan's fruit planting industry, was introduced, and the planting technology team grew to more than 60 people, which was reflected in the organization as the company's research and development center, which was responsible for technical guidance at various bases in China. In 2005, Pagoda established a fruit supply chain management company, responsible for fruit procurement, into the fruit production link. The company has laid out more than 200 fruit planting bases, built 17 fresh primary processing distribution centers, and controlled the fruit supply chain in the whole process [2].

2.3 Procurement channels

A total of five types of procurement channels, Pagoda's procurement channels are divided into five categories, the first category is Pagoda's independently invested production bases, and Pagoda has laid out six bases across the country.

The second is the farm as the OEM outsourcer of Hundred Orchard, which produces according to the standard of Hundred Orchard, and Hundred Orchard implements the underwriting system. The establishment of a fruit supply chain management company, responsible for fruit procurement, more in-depth into the fruit production process, the layout of more than 200 fruit planting bases, and setting up 17 fresh primary processing and distribution centers, the whole process of controlling the fruit supply chain. A complete set of fruit quality control standards and systems have been established internally. A quality standard system has been established for the fruits supplied by the base from key indicators such as sweetness and sour, freshness, crispness, tenderness, taste, and safety. Indicators establish a standard quality system.

The quality system is divided into ABCD four levels, corresponding to different price levels. The third category is the Pagoda does not intervene in the production process, by the Pagoda procurement standards, the implementation of the source of direct

procurement. The fourth category is purchased by suppliers and traders, and the fifth category is purchased by the wholesale market in the traditional sense.

2.4 Grading standard system

Building fresh grading standards, branding operation of fresh supply chain system, the construction of a fresh fruit supply chain focuses on three main aspects: the construction of a fresh fruit supply chain that includes more than 200 fruit growing areas.

Establish 17 fresh food distribution centers starting from fresh food quality control sources to improve the quality of the fresh food itself and reduce waste.

The establishment of multi-dimensional fresh grading standards, thereby enhancing the fruit. Establish multidimensional grading standards for fresh food products, which will improve fruit quality and reinforce quality stability, lay the foundations for brand building, and increase brand premium and gross profit.

The operational side of the brand is thinking about operating a large single fresh food product to create success, on the one hand, to reinforce the scale of the direct fresh food collection base, on the other hand, operating a single brand product also further expands the company's price differentiation space.

2.5 Key operation

A standardized system for grading fruit quality of fruit products has been established.

Fruit is a non-standard product, and the root of the brand is a consistent consumer experience based on uniform product standards. Implementing a quality assurance system for fruit products is the basis for building a fruit retail brand and a product brand. Pagoda has built a fruit product quality grading standard system, for the subsequent expansion of enterprises and new fruit category brands to join a set of standardized system processes. Establishment of a franchised retail system with a channel brand.

Fruit retailing is characterized by relatively high unit prices, high purchase frequency, and high customer loyalty, which can bring high efficiency to retailers, and therefore fruit is suitable for franchised retailing mode. Brands can promote competition in the retail sector and build a loyal customer base through familiarity and reputation. With 5,631 franchised shops now, Pagoda can effectively deliver quality products and service experiences to consumers promptly.

A community-based fruit franchise retail chain, integrated online and offline, with integrated shops and warehouses[3].

Fruit is a perishable product with a high frequency of purchase, a wide range of consumption scenarios, and a high elasticity of demand. Therefore, Pagoda provides consumers with convenience through its fruit franchise retail network that is close to the community and integrated online and offline, providing flexible delivery options such as just-in-time delivery and next-day delivery, etc. Regardless of any delivery method,

consumers can choose to pick up the goods at the designated shops or request home delivery. fruits not only satisfy functional needs but also have an emotional role.

2.6 Integrate shops and warehouses

Fruit not only meets functional needs but also has an emotional role, in our country to gift fruit is a traditional way of emotional expression. Shop fruit display, tasting, and face sales for consumers to bring a pleasant shopping experience and stimulate consumption, thereby increasing the added value, which is the main reason for the long existence of offline fruit shops.

By choosing to integrate shops and warehouses, Pagoda can provide consumers with tasty, accessible, and affordable products by improving distribution efficiency. expanding shop assortments, and reducing order processing costs. Influence and manage the entire industrial chain through internal development and external training.

Fruit companies are generally scattered and small, lacking standardized systems, agricultural technology to produce high-quality fruit, and capital resources for large-scale cultivation.

The quality of fruit depends not only on the flavor, safety, and cultivation techniques of the fruit itself but also on its freshness when it is delivered to the consumer.

Through internal development and external empowerment, Pagoda can influence and manage the entire industry chain to effectively increase production, enhance efficiency, and reduce costs, bringing greater benefits to society[4].

3 Analysis of supply chain problems in Pagoda

3.1 Supply chain concept

In an increasingly competitive market, competition between companies has evolved into supply chain competition and supply chain competition. According to the three levels of supply chain management: operational level, program management level, and strategic level, Pagoda's current supply chain management is at the intermediate level, the program management level.

Despite its management and investment in its supply chain, the company has not developed a relatively standardized system for managing its supply chain and has not taken steps to collect, manage, and apply information consistent with the "three flows". so that the company's leadership is not scientific enough to make management decisions, and there is empiricism decision-making based on feelings. Facing supply chain challenges.

It is more important for Pagoda to view supply chain management at a strategic level, re-analyzing, researching, demonstrating, and devising practical strategic plans for the supply chain, and developing and implementing appropriate systems and measures.

3.2 Procurement and demand control of the supply chain.

Pagoda's supply chain also has inventory problems due to inadequate procurement and demand management.

Firstly, Pagoda has no advantage in terms of supply channels, since it sources mainly from wholesale markets and suppliers, and its competitors are very homogeneous. The company is a wholesaler and enters the retail circulation distribution, and peers and suppliers form a kind of cooperation and competition. The company then owns the base of fruit has a price advantage, the external procurement of fruit does not scale corresponding and has better bargaining power.

Secondly, the company did not do a good job in demand forecasting and control and mainly implemented demand planning management, procurement planning, and demand forecasting. The company did not do a good job in demand forecasting and control and mainly implemented demand planning management, procurement planning, and demand forecasting.

It is easy to lead to inventory control in the supply chain is not in place, resulting in more fresh fruits due to unmarketable deterioration[5].

3.3 No modern distribution center

A blind spot in the supply chain of Pagoda is the lack of a fresh fruit distribution system. The existing distribution system of Pagoda is mainly from the base, market, and third-party suppliers, and there is no centralized distribution center.

The hundred orchard distribution center is equivalent to the store's superior large suppliers, and its goods are supplied by its large, medium, and small suppliers. Due to more intermediate links in the fruit supply chain and competition with suppliers, the price of fruits in Park Fruit shops does not have a competitive advantage.

At the same time, the company's current distribution is one configuration a day, rather than multiple flexible distributions, reducing distribution costs. If the out-of-stock cost of the store is high, and too many orders are easy to cause inventory and greater loss, but also virtually improves the operating costs of the store [6].

3.4. Lack of advanced logistics technology support

Pagoda sources mainly from wholesale markets and suppliers and has no advantage in terms of supply channels, since its competitors are very homogeneous.

Parts of the supply chain, such as harvesting, packaging, transport, storage, and distribution, lack effective support from appropriate technologies and each link entails technical supply risks.

At the same time, inadequate utilization of the cold chain and other factors further reduce fruit quality in the supply chain.

In the supply chain process of many products, customer capital, and other valuable data, Pagoda lacked adequate data analysis, effective utilization, and

development. The lack of data analysis and use also had a significant impact on the optimization and efficiency of the supply chain [7].

4 Results and discussion

4.1 Focusing on advantages and differentiation

Taking advantage of production and procurement, controlling inventory reducing losses, and establishing an efficient supply chain system are key to improving a company's competitiveness.

Focusing on advantages and differentiation, strengthening the training and stability of basic workers, strengthening the construction of a profitable supply chain, strengthening cooperation with suppliers through an integration strategy, improving customer service, and making full use of the information system to build a responsive supply chain and provide better customer service.

4.2 Strengthening supply chain management agility

Supply chain management agility refers to the ability of the supply chain to respond quickly to customer needs.

In the age of personalized search, supply chain agility is fundamental to Pagoda's ability to deliver high-frequency category iterations and increase customer loyalty. Supply chain agility is the key to transforming traditional order fulfillment systems. It is very easy to lead to a large bad inventory, is not conducive to the cost of intensive, but also not conducive to the category of high-frequency iteration[8].

Pagoda supply chain construction of the industry chain refers to the fruit industry chain as the center, the supply chain to carry out its own from the planting base (or procurement), logistics and distribution, quality control, terminal display, shop sales, and other full management and supervision.

This is also the basis of stock management in the supply chain. The creation of partnerships in the supply chain helps to recognize and highlight the benefits of the "subtle deepening, differentiation, and specialization of fruit categories"[9]. Making the last node of the supply chain mutually beneficial is conducive to reducing procurement promotion costs, strengthening commodity quality source monitoring, and improving high-quality and effective supply[10].

4.3 Enhance e-commerce

Pagoda can enhance e-commerce, increase online marketing efforts, and make full use of system data. At the same time the development of physical shops, increased e-commerce and online marketing, improved the information system, and in-depth data analysis to identify potential consumers.

Work together online and offline to strengthen the creation of advantageous supply chains, guide

enterprises to jointly explore the market with customers, and form a supply chain [11].

5 Conclusion

This study has analyzed the business model of Pagoda, using several versions of Pagoda's listing prospectus, as well as the 2022 annual performance report as the main analytical materials. Pagoda through a series of practical and effective implementation of decisions.

Through the establishment of product standardization of fruit non-standard products, the innovation of upstream and downstream of the supply chain is realized to establish a complete fruit industry chain. significance.

The product standardization of fruit non-standard products is not only the improvement of a single link but also the result of the joint efforts of the entire supply chain.

This innovative initiative will inject new vitality into the fruit industry and promote the upgrading and development of the industrial chain

In conclusion, this study still has a lot of room for improvement and in-depth exploration. The study of the future supply chain can be carried out from multiple aspects, taking into account factors such as digitization, globalization trends, and sustainable development.

The impact of digitization and globalization on emerging markets can also be analyzed in future studies. More experts and scholars are expected to focus on this issue in the future and make greater contributions to solving practical problems.

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