Analysis on China's Traditional Retail Model
Disadvantages and Optimization Strategies of Traditional Retail Model Based on the New Retail Model

Lei Zhu[1,*] Xianghong Deng[2] Zhuang Wang[2] Yaxin Tian[3]

[1]Wuhan University of Science and Technology, Wuhan, Hubei, China
[2]Department of Civil Engineering, Wuhan University of Science and Technology, Wuhan, Hubei, China
[3]Department of Financial Management, Wuhan University of Science and Technology, Wuhan, Hubei, China
Corresponding author. Email: 1412253972@qq.com

ABSTRACT
With the continuous development of e-commerce, online shopping has gradually become the preferred form of shopping for consumers. At the same time, various online business platforms emerge in endlessly, develop and improve continuously, and the bottlenecks and disadvantages of the original online business and the traditional entity retail mode gradually appear. The trend of the new retail has been unstoppable, and the traditional retail industry is facing a huge impact in this roaring shopping revolution. This paper will use data to analyze the huge impact of online shopping diversion on the traditional retail industry, put forward optimization strategies for the traditional retail industry under the new retail model, and propose structural changes to adapt to the increasingly fierce industrial competition.

Keywords: new retail, traditional retail industry, optimization strategy, online and offline integration, transformation and upgrading

I. INTRODUCTION

The advent of the Internet era has greatly promoted the development of online businesses. The offline retail industry once faced a heavy blow and the sales volume continued to decline. In recent years, due to the continuous improvement of consumption level, consumer demand has changed, the service pursued is more high-quality, and the demand is more personalized. The traditional retail cannot meet the service and demand of consumers, the disadvantages continue to appear. The new retail, which combines online and offline with logistics, emerges as the times require.

On November 11, 2016, the general office of the State Council issued the "opinions on promoting the innovation and transformation of entity retail" (GBF [2016] No. 78), clarifying the guiding ideology and basic principles for promoting the innovation and transformation of entity retail in China. At the same time, it is required to make specific arrangements in adjusting the commercial structure, innovating the development mode, promoting cross-border integration, optimizing the development environment, and strengthening policy support.

It is better to combine the development of physical stores and mobile online shopping app. It can carry out APP shopping and distribution services within a certain range. Through scientific and technological means such as "big data processing" and "artificial intelligence analysis", some upgrading suggestions are given for the whole sales process and mode of physical stores. And then, the physical stores and mobile shopping App can upgrade. Online and offline development can be achieved, and online shopping and offline shopping are integrated into a shopping mode, which is called the new retail mode in this paper. In this new retail shopping mode, the entity retail industry can improve its competitiveness, effectively alleviate the pressure of online shopping diversion, and improve the competitiveness of the new retail industry. With the help of big data and artificial intelligence, the new retail mode will continue make the improvement, and the core competitiveness of the market will also be improved. Based on this, this paper will analyze the

general situation and disadvantages of the traditional retail industry, find out the advantages of the new retail mode through the analysis of the sample data, and briefly describe the optimization strategy of China's traditional retail industry under the new retail mode.

II. DEVELOPMENT STATUS OF TRADITIONAL RETAIL INDUSTRY

A. Data change and analysis of total number of stores and store efficiency

From the data statistics in "Table I", it can be seen that the total number of various types of stores in the traditional retail industry has not been very large in recent years, except for the number of specialized shops. Compared with that in 2013, the total number of supermarkets in 2018 even showed a negative growth, and the growth of specialized stores in recent three years was also very slow. From the gentle fluctuation of the number of shops, it can see that on the one hand, the market is basically in a saturated state; on the other

hand, there are some impacts of online shopping diversion on traditional retail industry. In recent years, the rise of online shopping has a huge impact on the traditional retail industry, seriously affecting the survival and development of traditional retail.

It can be seen from the data statistics in "Table II" that the efficiency of the department store industry dropped sharply from 2013 to 2014. This is the period of the rise of online shopping.

The growth of all types of retail industry in the last three years is very flat. In recent years, some types of retail industry have a sharp increase or drop in store efficiency, which reflects the impact of online shopping diversion on the traditional retail industry. Therefore, it is necessary to combine the advantages of online shopping and traditional shopping, introduce big data, artificial intelligence and network into the traditional retail industry more comprehensively, and find a new business model to optimize the traditional retail industry.

TABLE I.   NUMBER OF RETAIL STORES IN 2013-2018

	2013	2014	2015	2016	2017	2018
Department store	4514	4689	4867	4987	4999	5024
Supermarket	33835	33201	33301	32411	32820	33100
Specialized trade	104054	108809	112959	118601	119600	120030
Monopoly	26113	22854	21093	32413	32657	32889
Convenience store	14680	16832	17675	18588	18873	19051

TABLE II.   STORE EFFICIENCY LEVEL OF THE RETAIL INDUSTRY FROM 2013 TO 2018 (UNIT: 10,000 YUAN/STORE • YEAR)

	2013	2014	2015	2016	2017	2018
Department Store	8205.58	7117.08	7893.16	7813.31	7830.24	7888.27
Supermarket	853.91	898.08	936.34	919.09	932.01	934.84
Specialized Trade	2161.65	2145.58	1816.68	1734.7	1778.2	1892.3
Monopoly	606.97	612.72	824.78	614.63	668.17	700.16
Convenience Store	212.057	205.56	219.07	227.24	229.31	235.01

B. Analysis on the advantages and disadvantages of traditional retail industry and online shopping

The initial advantage of online retail lies in the reduction of the price difference made by middlemen, the price advantage without the additional costs such as store rent, as well as the rapid development of logistics industry and the intuitive comparison of online shopping, which saves time and effort, facilitates customers to compare goods, and has low price. At the same time, the cloud terminal can process and analyze the big data of users' shopping, and give customers the shopping suggestions they really need, so as to sell goods.

The traditional retail industry is based on the business sales of physical stores. Its advantage is that customers can actually see the physical goods, get and use the goods immediately after payment. If there are

quality problems in the goods, they can know in time when selecting goods, so that customers feel more assured. At the same time, if there are quality problems in the goods, customers can directly go to the store and communicate with the merchants face-to-face to solve the problem, and the efficiency is also higher.

The disadvantage of online shopping is that the delivery time of goods is usually about three days or even longer, and it is difficult for customers to judge the actual quality of goods only from pictures and videos. The disadvantage of traditional retail stores is that customers need to go to several more stores if they want to compare goods, which is time-consuming. At the same time, the location of the store has an obvious impact on the source of customers. Customers generally choose to shop nearby, so the source of customers is limited.

The distance problem of online sales makes the product quality cannot be guaranteed, and the return rate is higher and higher, gradually exposing consumers' dissatisfaction with online products. For offline consumption, due to people's fast-paced life, leisure shopping time is less and less. With the geographical location of physical stores, sometimes consumers can't buy the goods they need in time. The separation of online and offline retail makes consumers compare the quality and price gap of online and offline goods repeatedly, which makes the contradiction and dissatisfaction of consumers increase continuously. The consumption desire decrease. These contradictions caused by the separation of online and offline sales activities indicate that the situation of online and offline separatism should be ended. Only by combining the advantages of both sides and better meeting the needs of consumers, can the new retail mode develop continuously in today's era.
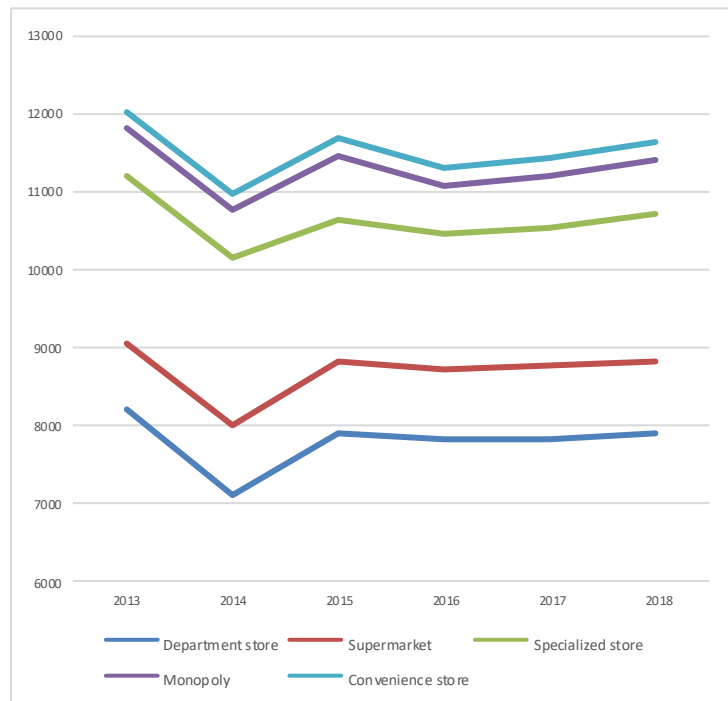

Fig. 1.   Store efficiency level of the retail industry from 2013 to 2018 (unit: 10,000 yuan/store • year)

III.   ANALYSIS ON THE ADVANTAGES OF NEW RETAIL MODE

In the retail industry under the new mode, with mobile app as the platform, customers can search for merchants in a certain range, compare, select and purchase goods online, and obtain the goods at the door by the delivery personnel. The advantages of this model are as follows:

Customers save time and effort, compare the goods of each shop more conveniently, and save the time to go shopping;

The customer's after-sales rights protection can be guaranteed by a certain regional scope, thus promoting the business to ensure the quality of goods; and at the same time, the app platform can also be supervised;

Big data and artificial intelligence can help the shops in the platform analyze the source of customers, so as to give reasonable purchasing and sales suggestions;

The platform can carry advertisements to facilitate the promotion of high-quality shops and stores with poor geographical location, so as to increase the source of customers for stores with poor geographical location.

The above four points are the advantages that the traditional retail industry does not have. At present, the biggest impact on the traditional retail industry is the diversion of online shopping. Therefore, it is necessary to take the advantages of online shopping, combine with the advantages of traditional retail industry, and improve the core competitiveness of the market as the goal, and put forward a new retail mode with more advantages.

IV. FEASIBILITY ANALYSIS OF NEW RETAIL MODE

A. Similar models have been successful in the market

At present, many take-away app platforms already have the function of purchasing goods on behalf of riders, who purchase goods within a certain range for customers. The new retail mode can be said to be a kind of optimization and upgrading of agent purchase. It puts more stores' goods directly on the platform, with complete commodity display, purchase and after-sales evaluation and after-sales service, etc., which is online shopping in a certain area.

B. The new retail mode meets the needs of social consumption

The successful development of an industry and a model is inseparable from the demand of social consumption, so whether the new retail mode meets the current social consumption demand directly determines its feasibility.

At present, China's economic level continues to improve, people's quality of life is also gradually improving, which is bound to bring changes in consumption concept and consumption demand. As the pace of urban life is getting faster and faster, the take-out industry is developing rapidly, and at the same time, it also drives the purchasing agent industry. This is the embodiment of the change of people's consumption concept and social consumption demand. Similarly, the new retail mode is also based on such a pace of social life, giving the traditional retail industry the advantages of online shopping and forming new competitiveness. Such a new retail mode is in line with the current fast pace of the city, meets the needs of social consumption, and has a stronger market competitiveness.

V. OPTIMIZATION STRATEGY OF CHINA'S TRADITIONAL RETAIL INDUSTRY UNDER THE NEW RETAIL MODE

A. Building an integrated development system of online and offline mode

Online consumption has become the new normal of people's life. The convenience of online shopping makes online shopping have a wider consumer group. However, the advantages of offline physical stores can complement the disadvantages of online shopping. It can better establish and improve brand image, make communication, provide better after-sales service, and expand more reliable customer groups. Therefore, online and offline integration development system has more development potential and stronger competitiveness. The positive effect of online and offline integration does not rely on a single form.

Online mode needs to carry out reliable publicity, accumulate customers, and establish brand image. Offline mode needs to lay a solid foundation, understand the market, play the brand effect, and maintain the sales system.

B. Adjusting sales mode and inducing the consumption

Merchants need to change the traditional sales model from consumers' choice to merchants' induced consumption. With the development of the network, all kinds of media make all kinds of complicated advertisements. Consumers don't know how to make the choice. They tend to buy what the public buy. The merchants prepare a lot of products, and customers choose them according to their preferences. This mode has not been a big problem in the past, but it is more or less passive in this stage of transformation. Merchants need to use the network platform to carry out publicity for their products, guide consumption with science, move consumption with creativity, solve the difficulties of consumers' choice, and improve their sales volume.

VI. CONCLUSION

In the new era of rapid development of the network, the traditional retail industry is facing a huge impact. The new retail mode of combining physical stores with the network and big data well conforms to the development environment of the times and the shopping preferences of modern people. Therefore, merchants adopt the new retail mode, use big data and network platform to induce potential customers to join the consumer group, so as to deal with the impact on traditional retail industry.

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