

Research on Logistics Operation Mode of Fresh Agricultural Products in Yonghui Supermarket

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Abstract—Yonghui Supermarket is characterized by its fresh food business. According to people’s consumption habits, Yonghui Supermarket provides consumers with green, safe, affordable and diversified fresh food. This paper takes literature research as a theoretical analysis tool to analyze the current situation of Yonghui Supermarket’s operation and development, points out the characteristics and requirements of fresh agricultural products’ logistics distribution, and then analyzes the logistics distribution modes of various fresh agricultural products in Yonghui Supermarket, finally summarizes the industry advantages of Yonghui Supermarket. The research results show that through optimizing and perfecting the distribution mode of fresh agricultural products and rationally utilizing the modern information management system, Yonghui Supermarket has become a model in fresh products management for domestic chain enterprises.

Keywords—Yonghui supermarket; Fresh agricultural products; Logistics distribution

I. INTRODUCTION

In recent years, fresh agricultural products logistics has developed rapidly. The reason is that with the rapid development of economy and the improvement of people’s living standard, people’s requirements for daily consumer goods have also changed from having adequate food and clothing to pursuing safety and nutrition. The quality requirements for fresh agricultural products are getting higher and higher, and more people are pursuing fresh, high-end and differentiated high-quality fresh agricultural products. Based on the analysis of Yonghui supermarket fresh agricultural products logistics mode, this paper explores the promotion strategies and related technologies suitable for the development of fresh agricultural products cold chain logistics, and puts forward effective countermeasures and suggestions, which are of great significance to speed up the development of fresh agricultural products cold chain logistics, promote farmers’ sustained income increase and ensure the safety of consumption [1].

II. DEVELOPMENT STATUS OF YONGHUI SUPERMARKET

Established in 2001, Yonghui Supermarket has become one of the top 500 Chinese enterprises and a national circulation and agricultural industrialization leading enterprise after ten years of development. The State Council has awarded

Yonghui Supermarket “National Advanced Employment Enterprise” and “National May Day Labor Certificate” and other honorary titles. Yonghui Supermarket is one of the first circulation enterprises in mainland China to introduce fresh agricultural products into modern supermarkets. It has been praised by seven ministries and commissions of the country as a model for the promotion of China’s “wet market transforming into food supermarket”. In December 2010, Yonghui listed on the A-share market and raised 2.6 billion yuan, providing a strong guarantee for future development. As shown in Figure 1, Yonghui had opened 806 supermarkets nationwide by the end of 2017 (Fig.1) . It has developed into a large group enterprise with retail industry as the leader, modern logistics as the support, modern agriculture and food industry as the two wings, and industrial development as the basis. Yonghui Supermarket adheres to the concepts of “integration and sharing” and “compete and cooperate” to create Blue Ocean and jointly prospers China’s retail market with domestic and overseas retail enterprises. At present, it has developed more than 830 chain supermarkets in 24 provinces and cities across the country with a business area of more than 6 million square meters, ranking among the top 6 chain enterprises in China and the top 4 fast-moving consumer goods chain in 2017 [2].

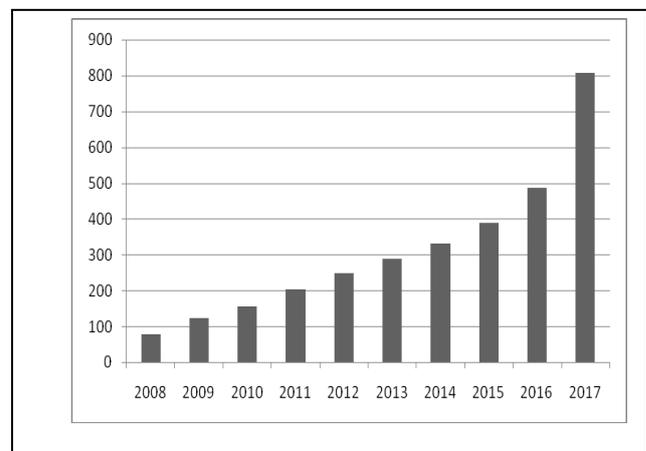


Fig. 1. Growth Chart of Yonghui Supermarket Stores from 2008 to 2017.

III. ANALYSIS ON LOGISTICS OPERATION MODE OF FRESH AGRICULTURAL PRODUCTS IN YONGHUI SUPERMARKET

As a leading enterprise in circulation and agricultural industrialization, Yonghui has explored the skill of living in fresh food supermarket through years of intensive cultivation. The company has carried out differentiated management based on the characteristics of fresh agricultural products and the relationship between supply and demand, and has formed a complete set of “Yonghui model” in commodity procurement, logistics and information management, and store management, i.e. obvious core competitive advantages.

A. Unified Purchasing Mode Nationwide

Yonghui Supermarket has achieved the goal of expanding its business around the country by establishing a fast and efficient supplier service system [3]. At the same time, the unified purchase is beneficial to centralize the orders of upstream customers and improve the overall price negotiation. It is also by means of circulation links to dig deep into the upstream resources so as to improve the richness and cost performance of commodity types. At present, Yonghui has set up logistics centers in Fujian, Chongqing, Pengzhou, Anhui and Shenyang, and plans to build six logistics regions and to deliver fresh food three times a day in Fujian and Chongqing. Yonghui has a modern information management system that integrates purchasing, processing, information transmission and distribution of various commodities (Fig.2) .

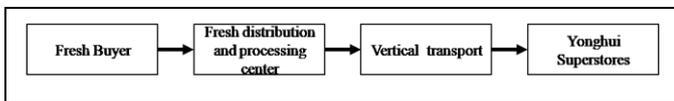


Fig. 2. Yonghui Supermarket's Unified Purchase Structure Mode.

B. Regional direct purchase mode

Direct purchases refers to buy fresh products from growers directly, skipping wholesalers and reducing unnecessary links in circulation. Direct purchases mainly include “base purchases”, “local purchases”, “remote purchases” and “wholesale market purchases”. As shown in (Fig.3) , base purchase, one of Yonghui Supermarket’s main purchasing methods, means that Yonghui Supermarket purchase products directly from producers’ production bases, which all sign long-term supply contracts with Yonghui Supermarket. Local purchase means that Yonghui Supermarket with its own strong purchasing team buys fresh products in the commodity producing area. Fresh agricultural products such as leaf vegetables are not suitable for long-distance transportation, therefore, it’s better to cultivate, operate, and consume them in the local place. Remote purchase means to buy imported products through internet or telephone. Whole sale market purchase means that Yonghui Supermarket buys fresh products directly from the wholesale market and then distribute it to various stores. The information of demand and supply for fresh product is transmitted in two directions, which can greatly improve the logistics efficiency. Yonghui Supermarket generally delivers the funds directly to the producers, which greatly improves the enthusiasm of the producers. Logistics costs can be greatly reduced through the support of

transportation, storage, packaging, handling, distribution processing, distribution, information processing [4].

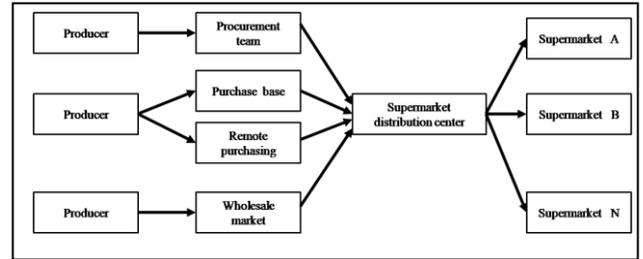


Fig. 3. Yonghui Supermarket's Regional Direct Purchase Mode.

C. Fresh Food Distribution Center Mode

Fresh food distribution center (FFDC) uniformly orders fresh agricultural products from the place of origin, suppliers or self-picked channels according to the ordering contents of each store, and uniformly tests, precools, processes, grades, packages and distributes the orders to the departments of each store through the distribution center (Fig.4) . Some fresh finished products are processed in an integrated operation form of purchasing, storage, processing, distribution and sales [5].

The operation procedure is as follows:

- Placing orders to generate purchase orders: each store shall complete the required fresh agricultural products according to the order requirements and send them to the information processing center of FFDC in the form of electronic documents. Then the computer directly generates the manufacturer’s purchase orders, automatically orders or picks them from suppliers and producing areas, and agrees on the purchase and delivery time.
- Acceptance of arrival: the acceptance criteriawill be discussed in advance among procurement staff, FFDC inspectors, manufacturers and store operators, and then FFDC inspectors shall uniformly implement the acceptance criteria.
- Cleaning and precooling: as some leafy vegetables contain a lot of mud, they must be cleaned before precooling and storage. Because all fresh fruits and vegetables generate heat due to respiration and accelerate to decay, the precooling process must be carried out in advance. Generally, the methods adopted include heat dissipation, direct refrigeration, resurrection, ice water treatment, cold and warm water treatment, etc.
- Packaging and labeling: Packaging shall be carried out with the prescribed packaging materials and standard type containers; the packaged goods shall be weighed and labeled; the labels of fresh agricultural products shall be located; and the store delivery note shall be printed as required.
- Shipment: During shipment preparation, the temperature must be controlled to prevent the

temperature of fresh agricultural products from rising. The basket must be placed according to regulations during the sorting process, which is conducive to fast and efficient shipment.

- **Transportation:** Arrange and plan the vehicle and transportation route; understand the distance of each store and the opening time of the store, so as to ensure the delivery of fresh agricultural products to the store on time.
- **Store acceptance:** the driver and the store receiving personnel shall point out the number of fresh agricultural products according to the delivery note details, and the driver shall collect the returned goods from each store, etc. If there is any difference in the details and contents of fresh agricultural products, the FFDC processing department shall negotiate with the store operators to solve the problem.

These modes are the most important fresh product supply chain structure of Yonghui Supermarket [6]. This unique fresh product logistics operation mode reduces many unnecessary links, long channels and high circulation cost in the agricultural product sales process, and is convenient for monitoring food safety. It also enables Yonghui Supermarket to obtain the market sales price, production period, quality and other information of fresh agricultural products in various regions within the shortest time, so as to adjust the price and distribution quantity and provide consumers with low-price and good-quality fresh agricultural products [7].

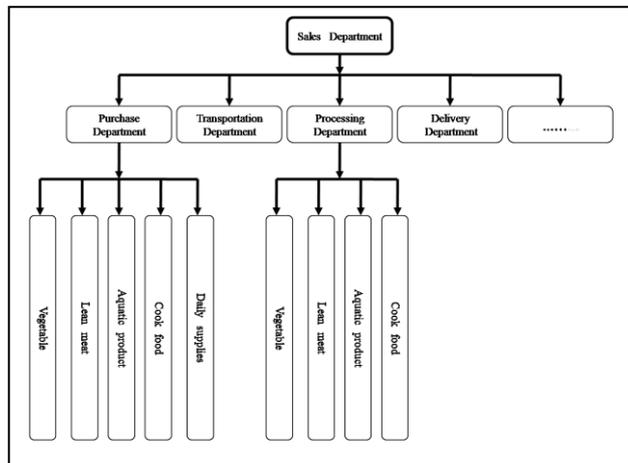


Fig. 4. Organizational Structure Model of FFDC of Yonghui Supermarket.

IV. EXPERIENCE AND ENLIGHTENMENT OF YONGHUI SUPERMARKET FRESH AGRICULTURAL PRODUCTS LOGISTICS OPERATION MODE

A. Take specific purchasing mode to ensure quality

Yonghui specializes in fresh agricultural products, food supplies and clothing, and adopts specific purchasing modes for these three main items. In terms of fresh agricultural products, it combines national unified purchase and regional direct purchase, mainly including four procurement channels: base procurement, local procurement, online procurement and

wholesale market procurement. Yonghui has four departments for the purchase of fresh agricultural products, namely, fresh business department, management department, purchasing department, food processing department and research and development center. With experienced procurement staff, the research and development center analyzes and compares the quality and circulation channels of different varieties of fresh agricultural products in different producing areas of the country, then determines the purchasing direction, formulates the sales and circulation mode of each fresh agricultural product, and adopts diversified sales [8]. Yonghui has reduced the intermediate link of “origin-store-customer” to the greatest extent, lowered the cost of logistics, storage and loss, and maintained the quality and low price advantage of fresh agricultural products through the national unified purchase and regional direct purchase modes.

B. Establishing Distribution Centers to Improve Efficiency

Yonghui’s self-management and direct purchase allow it to adopt more distribution methods.

- **Distribution Center:** an organization that distributes fresh food to stores through FFDC;
- **Direct sending:** the supplier sends the fresh agricultural products to the company’s own distribution center. The fresh agricultural products will not enter the warehouse of the logistics distribution center and will be directly distributed to the stores.
- **Direct delivery:** suppliers send fresh agricultural products directly to stores. Direct delivery helps to reduce the operating costs of supermarket stores, but distribution centers are more conducive to supermarket enterprises’ control process and free scheduling [9]. The combination of these three methods can effectively control and reduce the inventory and loss rate of fresh agricultural products, which is conducive to ensuring the quality and classification management of fresh products.

C. Standardized Management to Improve Benefits

Yonghui seized the opportunity to establish a refined and standardized management system and gradually build a modern and internationalized management system. In order to enhance the advantages of standardized replication, Yonghui standardized the successful experience of various stores, steadily and quickly replicated the standardized model to stores in all regions of the country through special projects and training of special personnel, and improved the category management, shopping environment setting and overall operation level of fresh agricultural products in all stores and new stores [10]. In terms of inventory management and control, it implements inventory management, shortage management, unsalable and obsolete management, overdue and defective goods reporting management, warehouse and store monitoring, etc. Through standardized store management and strict and meticulous inventory management and control, Yonghui will eventually be able to control the quality of fresh

agricultural products, save costs, and steadily improve its operating performance [11].

V. CONCLUSION

Yonghui Supermarket is able to expand business against the trend of overall decline in the growth of the traditional retail industry. We should focus on its operating mode and core competitiveness which brings innovation in fresh product purchasing, transportation and operating mode. Its unique Yonghui mode has greater logistics cost advantages for fresh agricultural products over other competitors, which has laid a solid foundation for its nationwide expansion. Its main advantages are as follows: first, it has a fast and efficient logistics distribution center; second, it uses modern logistics information technology to manage fresh agricultural products; third, it has strong transportation resources; fourth, it implements fast distribution of goods between stores; fifth, it adopts seamless point-to-point logistics system. Yonghui Supermarket is at the forefront under the background of “wet market transforming into food supermarket” and has set a good example for the retail industry.

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