

Guoquan Shihui: Reforming the Prepared Food Market Through Integrated Supply Chain and Digital Innovation

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EXECUTIVE SUMMARY

This case study examines Guo Quan Shi Hui, a prominent player in China's new retail and prepared food market. Founded by Mingchao Yang, Guo Quan Shi Hui revolutionized the hotpot industry through innovative supply chain management and digital integration. Yang's journey from a night market entrepreneur to a billionaire showcases his strategic vision for building a robust logistics system, collaborating with over 266 ODM plants, and implementing cold chain technology for freshness. The case details Guo Quan Shi Hui's expansion from a small retail outlet to a nationwide network of 10,000 stores, leveraging multi-platform marketing strategies, including TikTok, for consumer engagement. It explores the company's franchise model success, online-offline integration, and plans for global expansion. Guo Quan Shi Hui's story underscores its leadership for blending traditional cuisine with modern business practices, setting a benchmark for industry transformation and consumer-centric innovation.

DESCRIPTION OF GUO QUAN SHI HUI

Brief History of Guo Quan Shi Hui

Guo Quan Shi Hui, which won the top ten innovative models of Chinese hot pot in 2019, is a grocery store that sells up to 700 kinds of hotpot and barbecue pre-made food and is almost established within 3 kilometers of central residential communities. Guo Quan Shi Hui is developing at an astounding speed. It successfully and quickly went public on November 2nd, 2023, just seven years after its first offline outlet was established in January 2017 in Zhengzhou, Henan province. As of September 26, 2023, Guo Quan Shi Hui has 9,978 retail stores covering 31 provincial-level administrative regions. In addition, Guo Quan Shi Hui has been honored as “2020 Forbes China High Growth Gazelle Enterprise” and “2021 China Unicorn List Top 30 Consumer Unicorns”.

Guo Quan Shi Hui implemented a robust strategy to improve its economies of scale and enhance its profitability. By focusing on raising brand awareness, rapidly expanding its reach, and optimizing costs in the early stages, the company laid a strong foundation for success. Later, Guo Quan Shi Hui gained greater control over its products and operations by investing more in the supply chain and collaborating with manufacturers to co-build production lines. This upstream involvement allowed them to streamline processes, ensure quality, and possibly even reduce costs further.

Business Model

Guo Quan Shi Hui adopts a vertical supply chain integration approach that utilizes timely logistics and cross-docking warehouses. The main objective of Guo Quan Shi Hui is to integrate and enhance efficiently its supply chain. In the upstream sector, Guo Quan Shi Hui utilizes cold chain technology and standardized mass production through cooperation with 266 original design manufacturing (ODM) plants. The approach revolves around a single product and a single factory, focusing exclusively on that factory's most crucial product categories. This is done by providing product design data and equipment support, which ensures quality assurance while effectively addressing production constraints in specific regional factories. This approach enables the client brand, Guo Quan Shi Hui, to concentrate more on core technology, services, and brand promotion.

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