

Introduction

Omnichannel Luxury Supermarkets





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Business Model Innovations

Success relies on 3 central pillars:



Online + Offline



Store + Logistics Centre



Supermarket + Restaurant

Customer Profiling

Rising Middle Class in China



Young Adventurers

Consumption triggered by sensational retail offerings & celebrity recommendations



~35%
Of customer base

Working Couples

Looking for a balance between health and convenience, especially with Hema's own brands



Affluent Middle-Class

Has a strong influence on senior family member's consumption behaviour towards fresh foods



~10%
Of customer base

Exquisite SoHoer

Prefers imported products alongside easily embracing consumption changes



Fashionable Seniors

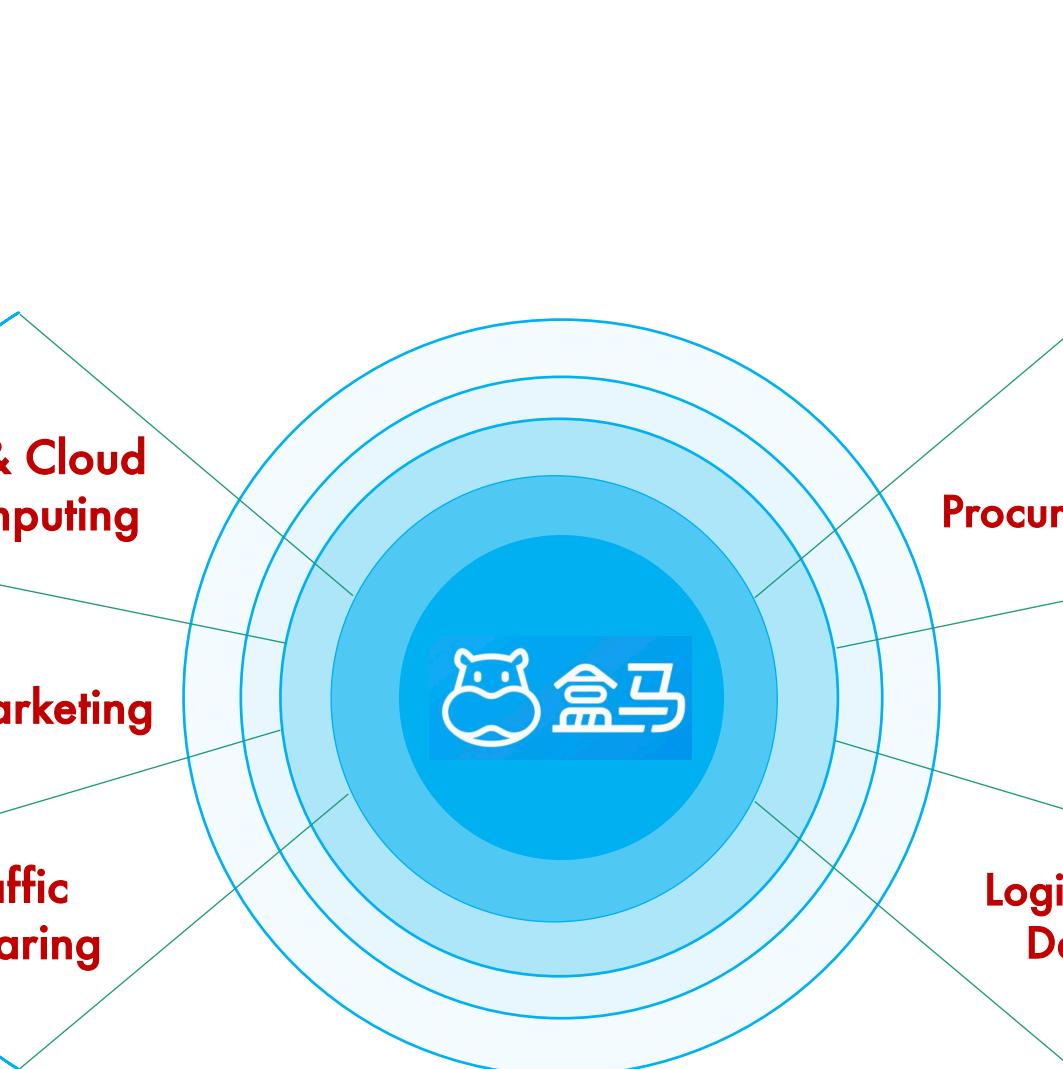
Care about convenience and cost performance

~20%
Of customer base

~25%
Of customer base

~10%
Of customer base

Hema Xiansheng



Alibaba's Ecosystem empowers Hema's key value offerings as the internal synergies between the various divisions are extensive

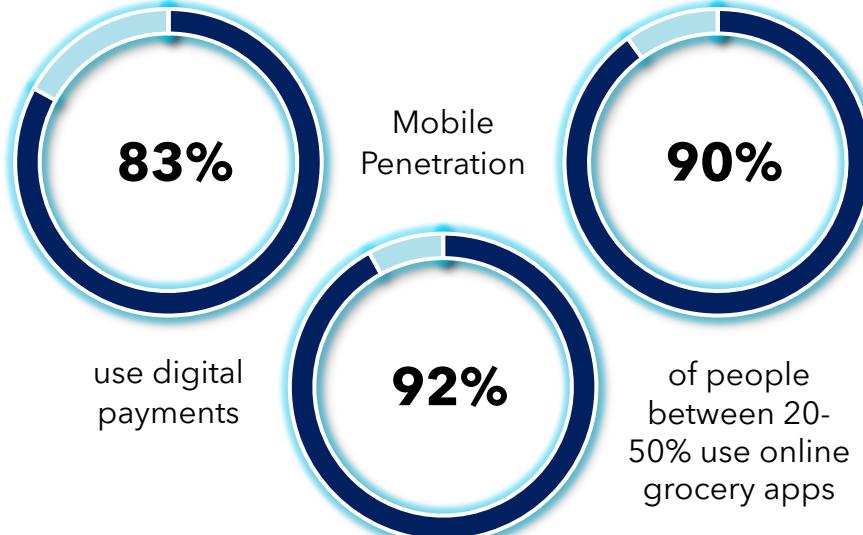


The clear need for an Omni-channel grocery solution, the digital-first economy, and the robust logistics and delivery network make South Korea an ideal location for Wang Dynasty

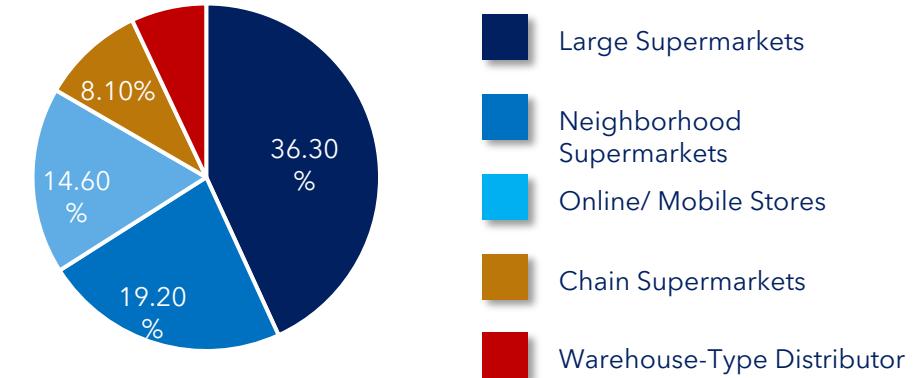
China and South Korea have been early adopters of buying groceries online

	Considerers	Trialists	Regulars	Avoiders
Global	30%	11%	14%	44%
APAC	28%	15%	22%	34%
Europe	29%	7%	6%	59%
North America	36%	6%	4%	54%

Increased digital adoption coupled with readiness to adopt new technologies makes South Korea Ideal



Shopping preferences of South Korean Consumers demand an omni-channel retail solution

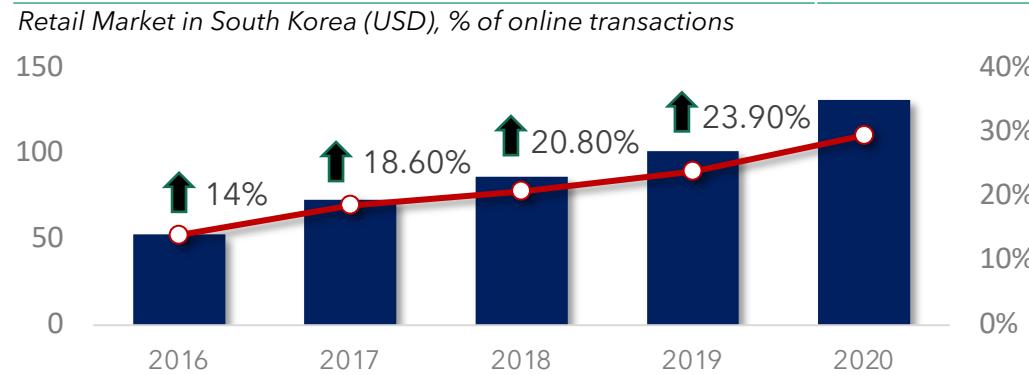


Other Factors that favour South Korea

- ✓ Robust supply-chain coupled with a well-connected logistics and delivery network
- ✓ The tendency of shoppers to go to large supermarkets and an increased focus on end-to-end user experience and efficiency presents an opportunity to differentiate
- ✓ Last-mile delivery partners that can be leveraged to ensure fast deliveries
- ✓ Lack of an omni-channel solution that offers a holistic grocery shopping experience

South Korean Grocery Market

The Retail market in south Korea is growing, and there is a sharp increase in percentage of online transactions



South Korea has several supermarkets, fresh food stores, and local markets that are famous for organic produce



Large Supermarkets

SSG FOOD MARKET

GOURMET 494

ORGANIC
WHOLE FOODS

Organic/ Fresh Markets

Key Trends

Product Variety and Preferences

South Koreans spend primarily on fresh meat, vegetables, fruits, egg, and dairy products. They are willing to pay more for fresh, organic, locally sourced produce

Delivery Services

South Koreans spend long hours at work, and although they value the end-to-end in-store experience, they also value fast delivery times and reliable delivery solutions

Retail 4.0

End-to-end digital services in stores, use of AI/AR in online shopping, unmanned grocery stores show South Korea's readiness to adopt new technologies and embrace Retail 4.0

Protective Regulations garnered by the Agency for Traditional Market Administration and Agency for Small Entrepreneurs makes it difficult for new players to enter the market, unless collaboration between small enterprises exists



The Korean Retail Industry has 4 main stakeholders:

- Government
- E-Commerce
- Small Retailers
- Conglomerate Retailers

The interaction between these agents influences innovation and poses challenges for any player looking to join the market.

Two main policies:

1. **Distribution Industry Development Act Law:**
Ensuring efficient promotion and balanced development of the distribution industry
2. **Act on the Promotion of Collaborative Cooperation between Large Enterprises and Small-Medium Enterprises (APCLS): Fostering SME Collaboration**

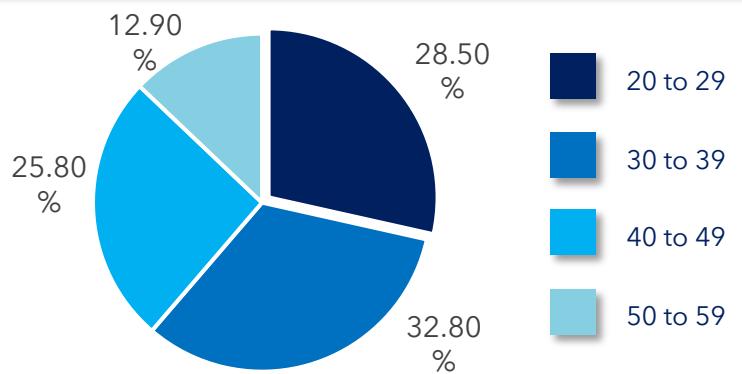


- As retail giants continue their expansion, the two policies focus on the **protection of reviving traditional markets**.
- **Mutual agreements must be formed between large conglomerates and small enterprises**

Market Segmentation

The South Korean populous utilizes both offline and online channels for grocery shopping – **showing that omni-channel strategies will be popular.**

- **Tech Savy:** South Korea's **social media penetration is 87%**, 3rd highest in the world, showing that consumers are very tech savvy
- **Strong Demand for Convenience:** Work-Life Balance is also relatively weak, leaving little leisure time for offline shopping
- **Quality Lifestyle:** Consumers are increasingly concerned with image perception – with first impressions and “Instagrammability” being very important



Use Of Mobile Grocery Shopping Applications



Proposed Business Model



Physical stores in basement of malls + small regional stores in residential areas, open until 10 pm

Online orders for delivery or pick-up with multiple warehouses for faster delivery to the customers

Scanning a membership card to enter, which plans out your route, allows for facial recognition and automizes payments

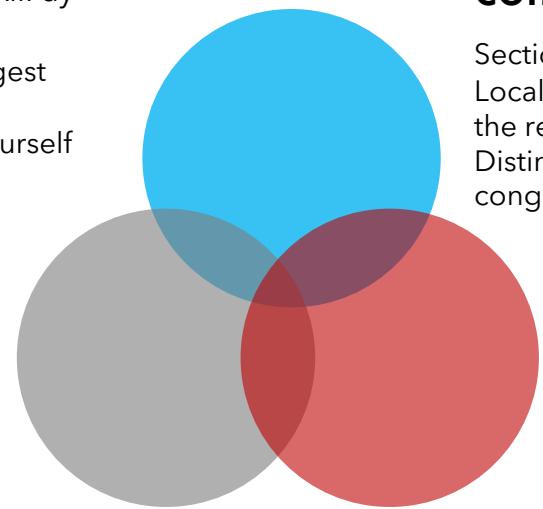
A diverse Food Court located inside store with stalls that freshly cook the items you bought

Actively fighting food waste by upcycling scraps and partnering with local charities, orphanages and food banks

Adoption and Innovation in the Korean Environment

Utilizing Credit Cards

instead of
AliPay



Credit cards are the biggest method of payment
Wanting to distinguish ourself from Alibaba

Partner with local companies

Section with fresh, local foods
Local employees working in the restaurants, food stalls
Distinguish ourself from big conglomerates

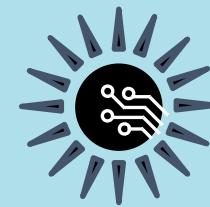
Focus on fresh produce

instead of
canned/
frozen foods

Particularly on higher spending of fresh meat
Lower preferences for non-fresh food

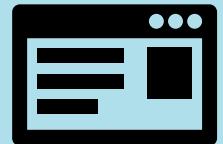
Adoption

- Understands customer's grocery needs
- Adds products to your shopping list that are frequently bought
- Automatic delivery
- Promotions



Algorithm for floor planning

- Maps out most efficient path for a specific shopping list
- Used by employees for delivery orders
- Used in app for customers for more efficient shopping → better experience



Membership Cards

Innovation

Sustainable Business Model

Focus & Prowess in Omnichannel Distributions & Spaces

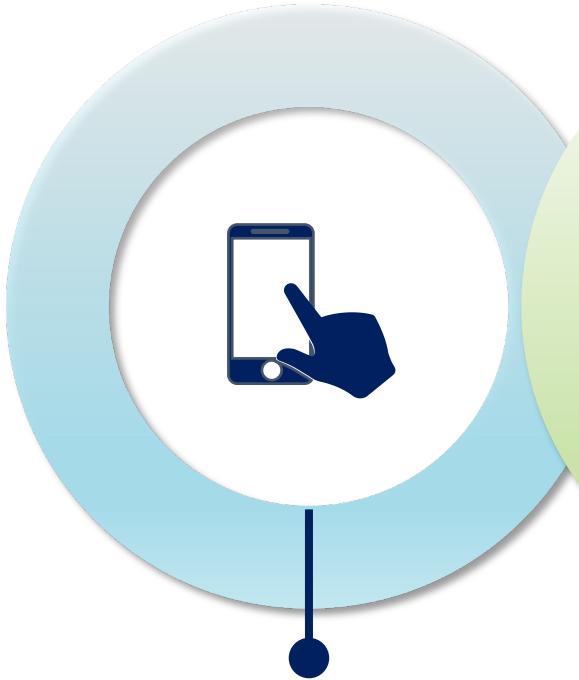
- Leveraging on online and experiential offline spaces
- Providing both delivery and pick-up services
- Coupling of supermarkets with food courts - bringing immediate food-to-table spaces



**Building a clean,
locally sourced and
experiential space**

- Sourcing from local Korean providers
- Adapting strong food waste policies to align with Korea's recycling culture
- Focusing on the experiential space - with aesthetically pleasing design & interesting functions

Profitability Model - Increasing Purchase Frequency is Key



Adopting a High-Efficiency Strategy Targeting Online and Offline Dual Traffic

Focusing on dual traffic, ensuring higher daily sales by increasing the frequency of transaction



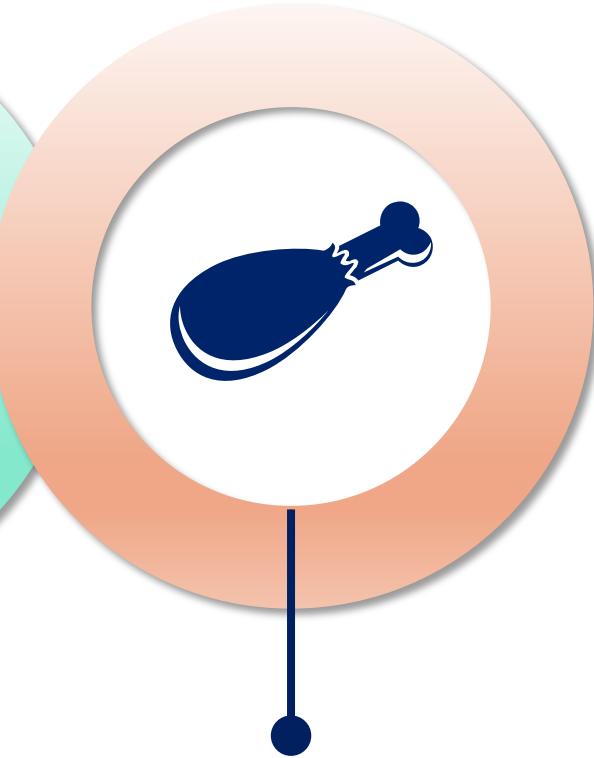
Investing in Offline Stores

Each store requires huge capital investment



Selling Fresh Produce by Portions

Ensures standardized product sales whilst cultivating a habit of buying smaller portions of food to reduce waste



Directly Source Meat & Provide Onsite Processing Services

High Quality Services with better supply chains

Online Consumer Shopping with AI

- Seoul's logistics capabilities are already expansive. Consumers in Korea can place an order at night and see their delivery the very next morning.
- With new technologies like AI, consumers in Korea might not even have to order online.

Offline Consumer Shopping with IoT

- Grocery stores will be able to match smart kitchens with smart aisles utilizing AI
 - Using retail specific data, they are able to learn the behaviour, pattern and preferences of consumers
- Accurate forecasting from this data will allow successful promotions to be found



Smart Kitchens & Smart Refrigerators

- Samsung & LG have created smart refrigeration connected to the cloud
- Smart kitchens could eventually order groceries for you, utilizing AI to take note of inventory and place orders when specific items are particularly low

Scan and Go

- Scan and Go technology allows consumers to simply scan an item and they will see it delivered to their home
- Data networking processing is key to the future of this industry. Edge-to-edge intelligence would be particularly useful

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