

The Past Life of the Chain Operation: The Theoretical Perfection and the Actually Cruel Analysis of Chain Operation Based-on Background of Post-Epidemic

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Abstract: The purpose of research is that analyze the reasons for the final outcome of many chain enterprises from the relevant theory. The research background was that: In the background of the post-epidemic, the consumption situation that people do not leave their homes not only puts forward a great test to the theory, but also brings profound and epoch-making thinking to the practice where is the future of the enterprise the Internet had replaced people's safety every day (especially in China). The research method of this paper was that summarize statistics and practice to explain the performance of chain operation, and finally establish the foundation of chain operation theory, its sublimation and practical application. This paper analyzed the theoretical perfection of enterprise management theory, network economy theory, regional economic theory, system economy theory, commodity science theory, marketing theory, social network theory, logistics science, system science, informatics. This paper revealed the cruelty of chain operation, operation risk, operation model, business mode, operation, and analyzes the reasons for the final end of many chain enterprises.

Keywords: Chain Operation; Theoretical Perfection; Actually Cruel Analysis; Background of Post-Epidemic; Past Life of the Chain Operation

1. Introduction

Chain operation was a form of business organization and operation mode, which is like the emergence and development of any economic phenomenon. The birth of this new operation and form reflected the characteristics of The Times, and contains the rational thinking and advanced decision-making of wise entrepreneurs on the internal and external environment of the enterprise.

After more than 100 years of development, the chain operation had achieved great success in the whole world. In theory, Cai (2013) from the perspective of enterprise boundary [1], Sang (2014) from the dynamic ability theory [2], Huang and Sui (2015) using the economic point of view [3], Chen(2022) from commodity services, price, promotion, brand, 3S, logistics and other fields [4] researched chain operation system and so on .In terms of practice, the management practice caused by chain operation is as follows: the actual situation of chain operation such as supermarket, Taobao, Pinduoduo, Qian Dama, HuoLala, Didi Chuxing, etc.; for example, SX Xinhua Bookstore Group had been operating chain for 22 years [5]; for example, the legal research of chain operation included the Regulations on Business Franchise Management officially passed by Chinese government in 2007, which was the first laws and regulations of franchise in China; the practical performance of online franchise under the background of epidemic, etc [6].

After the background of the epidemic to improve the chain operation to a height of strategic linkage. The differences between this

paper and the previous chain operation research was that the advantages and disadvantages of chain operation and the status of its development in history. This paper again emphasized the purpose of the research: in the context of post-epidemic, the focus of chain operation should consider a healthy business environment, healthy staff style, etc. that was to wake the healthy alarm in the operation. The important conclusion of this paper was that chain operation had its wide use of theory, as well as the variety of micro reality. The important significance of this paper was to promote the upgrading of chain operation by combining the post-epidemic background.

2. The Theoretical Perfection of Chain Operation

2.1 Analyze the Advantages of Chain Operation from the Enterprise Management Theory

The essence of chain operation was that chain operation was an incomparable business model. With the advantages of small risk, fast growth rate and low cost (the view of the International Chain Store Operation Association) [7]; The chain business model was very good, very excellent. Combination and standardization were the basic conditions for chain enterprises. Joint can realize the integrity, stability and all aspects of the chain system; "Chain" connected the replication of the enterprise model. The core factor was the cloning of the business process that made the business form of chain operation more reasonable and diversified; Chartered chain will become the most value-added chain business (as it was used to obtain scarce resources for rapid growth); Each branch had its own business focus and emphasis; The business model was not completely cloned but had some variation because each store had its own business district characteristics and the surrounding environment.

2.2 Analyze the Advantages of Chain Operation from the Theory of Network Economy

The emergence of the online chain operation enterprise made entering the chain industry had a lower threshold and a higher success rate, giving more young people a chance to turn over; And so that the chain industry can

achieve co-prosperity with the network in different places, glow the second vitality of the industry, and better suit the national policy of "mass innovation and entrepreneurship". The development of network economy was conducive to eliminating the phenomenon of information asymmetry in chain operation, and played an important role in the effective allocation of economic resources and the reduction of investment risks.

2.3 Analysis of the Advantages of Chain Operation from the Regional Economic Theory

The development of chain operation made the regional distribution of the same chain enterprise more reasonable and more scientific; with the increasing standardization of chain management and technical means, the development of chain group continuously expanded the business scope and the selection of business varieties more scientific; with the continuous expansion of the industry and the fierce regional competition, it had accumulated more experience and made the operation more orderly and the government manages the enterprise more scientific. For example, franchisees and franchisees were legally and financially independent of each other, and maintained cooperation through franchise contracts and franchise agreements which boiled down to one point that it was coexistence and death.

2.4 Analysis of the Advantages of Chain Operation from the Theory of Institutional Economics

According to the University of Chicago professor Ronald Coase (1937) theory, the expansion of the enterprise was an inevitable result; the expansion of enterprise scale was based on enterprise core capabilities and based on the strengthening, extension and continuous innovation of the core capabilities that had formed a whole resultant force of linkage and had achieved the sustainable expansion of in the scale of chain enterprises [3]; Chain operation due to the flexible property rights and professional division of labor can reduce the transaction costs, Make the chain operation has institutional advantages (the meaning of rules and standards); Chain business expansion can save on transaction costs due to scale effects, To bring greater benefits to the chain

operation enterprises; Scientific management, reasonable planning of the development strategy and strengthening the construction of distribution center can accelerate the expansion of chain scale.

2.5 Analyze the Advantages of Chain Operation from the Commodity Science Theory

Wang Jifang (2005) believed that chain operation was to apply the principle of modern industrial production for commerce, and realize the standardization, specialization and unification of commerce [7]. The standardized operation was conducive to improving services and expanding sales; And standardization in enterprise chain expansion played a positive role that McDonald's can leave the "standard" in the global expansion and development: McDonald's around the world has the same M arch, the naive McDonald's clown, the same window bright hot, same smiling waiter, as fresh and delicious hamburgers, French fries, the same food outdated not sell hard and fast rules. These "same" is the standardization of McDonald's.

2.6 Analyze the Advantages of Chain Operation from the Marketing Theory

Xiong Lianyong (2006) analyzed the six advantages of chain operation: product advantage, brand advantage, price advantage, promotion advantage, channel advantage and marketing team training advantage from the perspective of marketing [7]. From the perspective of marketing, there were more and more market segments that can meet the needs of differentiation which was a channel for the innovation and development of chain operation: chain operation made it had obvious benefit advantages and competitive advantages that mainly reflected in the advantages of organization, cost and marketing.

2.7 Analyze the Advantages of Chain Operation from the Theory of Social Network

Wang Guohua (2005) used the social network theory built the network map of chain enterprises; And he think that the advantages of chain enterprises have an important relationship with the effective and the stable network resources owned by enterprises [7]. The data showed that Hong Kong had five or

six million people, only four or five supermarket chain companies controlled more than 1000 chain outlets, each company had more than 200 stores; and the domestic situation was not the case, in Guangzhou, 25 chain enterprises in the city, the average number of 7.6 stores.

2.8 Analysis the Advantages of Chain Operation from the Perspective of Logistics System and Information System

Chain operation enterprises can save logistics costs from the perspective of logistics and informatics: including reducing procurement costs (because of the large purchase volume, low price, enjoying advertising discount, deferred payment, timely delivery and other benefits), transportation costs (because large batch will be preferential or even free delivery treatment), distribution costs (kept by the distribution center, Reduce the cost of management personnel, warehouse site), storage cost (because of no warehouse and unified storage by the distribution center), handling and handling cost, packaging cost (reducing the loss of goods), circulation processing cost, logistics information cost (due to network information sharing, improving accuracy, saving advertising cost, decoration cost, etc.), management cost (because of the clear division of labor within the system, adopting advanced scientific management equipment, means and methods). From the perspective of systems science, the characteristics of chain operation are as follows: Chain operation can bring the advantages of overall optimization and coordination (but seek change in unity); Chain business forms can be mutually penetrated and enhanced (the construction of rich management mode); The operation mode can be extended to multiple industries and multiple formats (following the pace of the market mutation, continuous innovation).

3. The Actually Cruel Analysis of Chain Operation

In the process of chain enterprise expansion, each stage (regionalization, internationalization) had been forced to be a paving stone; There were those who survived; All were very cruel because the competition is fierce competition, "Rome was not built in a day" [8]. In the expansion of some chain

enterprises in China, goods, services and other aspects appeared "chain without lock" phenomenon which was related to the cruel reality of chain operation. According to the data, since 2011, foreign retail giants closed doors in China: in January, Home Depot, the second-largest US building materials retailer had closed its only remaining stores in Beijing; Five out of Home Depot's 12 stores in China have now been closed; In February, Home appliance retail giant Best Buy closed all nine stores and retail headquarters in the Chinese mainland region; In March, Mattel, one of the world's largest toy sellers, had closed its flagship Barbie doll store in Shanghai; Meisong Paris Building Materials Mall, owned by Saint-Gobain, also announced the closure of the home decoration business in the Shanghai area; And in last year, B & Q also began to scale back on its stores, closed 22 of the 63 stores..... . Throughout the development history of chain operation in China, the cruelty of reality was also reflected in:

3.1 Unscientific Choice of Retail Formats, the Development of Unstandard Caused by the End

The development of chain operation mode needed to have certain objective conditions. In recent years, under the guidance of preferential policies, media hype and so on, there was a rapid development trend which itself was a non-standard performance, not all industries, enterprises, regions that were suitable for chain operation. At present, the phenomena of unreasonable network layout, similar market positioning and narrow business scope were all manifestations of non-standard operation: For example, Walmart and Kmart's different market positioning led to different fates, and Kmart went bankrupt [9]. For example, the "godfather" of the industry (Xu Gang, the former general manager of China Resources Wanjia who was respected as the "godfather" of the retail industry) led the team, operated the all-star team and assisted by venture capital. From the beginning to the end, Xing Wanjia only lasted for 4 years. In a few years, it only opened 5 stores, and suffered losses in the early stage, and such results could not meet the return required by venture capital.

3.2 End of Risk

Chain operation risks included expansion risk,

bilateral moral risk, the risk of market competition and demand change, the risk brought by the headquarters, the risk brought by franchisees, the risk of market competition, the overall risk of the chain system, the headquarters control risk of the chain system. Chain operation risks also included lagging management, weak adaptability, lagging logistics distribution development, insufficient supply of resources, information management bottleneck, the generation of "bullwhip effect", financial statements and business activities, lack of talents, etc. According to the Heinrich causal linkage theory, if any part of the causal chain was removed, the chain was destroyed; The process of operation was suspended. For example, The bankruptcy of Three oral liquid was partly due to the chain of the death of a consumer until the end of the company.

3.3 Twists and Turns Caused by Diseconomies of Scale

Scale operation was the basis of realizing the scale benefits of chain enterprises that should be an appropriate scale combined with the actual situation of the enterprise; Otherwise it was lower earnings; Generally, the chain operation should have 15-20 outlets to reach the profit balance point [7]. The premise of the expansion scale of chain enterprises was: Characteristic brand, the correct target market, reasonable expansion plan and sufficient personnel, only in this way will not be caused by blind expansion of the enterprise losses and even bankruptcy; Before the linkage size was formed, purchasing capacity was far from the big supermarkets, bargaining power was also too weak. For example, if the scale and positioning of supermarket chains was not clear, almost all supermarkets were for all consumers. Lack of high-end and low-end supermarkets, It also led to diseconomies of scale.

3.4 The End of Irregular Management and Internal Management Chaos

The facts in the development of chain operation prove: that more than 90% of failed enterprises were caused by poor management [10]; the core unified procurement and distribution of many chain enterprises had not been completed, so unified accounting and management were impossible. According to international practice, the unified distribution

rate of chain enterprises should reach more than 80%, while the proportion of unified procurement and distribution of most chain enterprises in China was only 30%~60%. Failure case: the internal management chaos was the inevitable decline of Asia, environment, regional culture, industry changes and other external factors had only caused the drag on; the blind expansion of management strength, but in just a few months, ended after ten years of operation.

3.5 Blind Expansion, too Rapid Expansion Caused by Setbacks

Integration and specialization were the necessary conditions for enterprise expansion: the standardization and modernization of management were important conditions for the expansion of enterprise scale; modern distribution system was the ignorant condition for expansion; good macro environment, government support, corresponding laws and regulations were also the conditions considered for chain enterprise expansion [6]. Blind expansion had become the first domino to demolish the company, whether this expansion comes from the replication of the inherent format, the extension of the industrial chain, or the diversification of the industry, blind expansion without control had become one of the most dazzling failure factors. For example, the Mall model of Causeway Bay was a professional and complex system, in addition to real estate development, but also involved the integration of positioning, investment, functional area planning, system management and other aspects, when new stores opened every month. Now, the past time of opening a store is only 10 years such as Causeway Bay was from gorgeous to dismal.

3.6 The End of a Deadly "Networking" Relationship

In the development process of private enterprises, the most taboo was to introduce cronies in the property rights relationship. For example, the failure of Shengxing Electric Appliance was precisely caused by the arbitrary and non-scientific employment system of decision makers because there was no system and regulation from the accumulation of business operation experience, corporate culture construction, to the enterprise management process, to brand promotion and

operation, to business management output, to the team building mode.

In addition, the "interpersonal relationship" led to the end also included: site selection error, high operating costs, poor investment situation and other problems finally let some stores closed. The decision makers with close relations did not make strategic adjustment that was a common problem between domestic and foreign chain enterprises.

4. Conclusion

At the end of this paper, we conclude that the chain operation has the tendency of contingency and implicit inevitability in the cruelty of reality. Even in the whole process of the global outbreak, the type of chain business signals will have little deviation and change in different regions and in different periods, but in the years of the outbreak, the author believes that the spirit of studying its basic law should be determined through this phenomenon.

Acknowledgments

This work was supported by the Foundation Grant :National Natural Science Foundation of China: Research on the internal mechanism of improving the linkage performance of commercial real estate and tourism real estate market —— Based on the perspective of system dynamics(Post-supplement project); Humanities project of the Ministry of Education: Research on the internal mechanism and innovation of improving the linkage performance of commercial real estate and tourism real estate market —— Based on big data background(Post-supplement project); Guangdong Social Science Project Fund: Feasibility and simulation project study of improving the linkage performance of business travel real estate market —— Based on big data background (Post-supplement project). Key Research Base of Humanities and Social Sciences in Universities of Guangdong Province: Research on the System Dynamics of Harmony and High Performance Development of China's Real Estate Economy under the Background of Financial Crisis(Post-supplement project).

This work was supported by the Foundation Grant: National Natural Science Foundation Grant (61170277); Scientific Research Innovation (Key) Grant from Shanghai Municipal Education Commission (12 ZZ 137);

Shanghai First-class Discipline Construction Grant (S1201YLXK); and Shanghai Graduate Education Innovation Fund (SHGEUSST1301)

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