

國立政治大學商學院國際經營管理英語
碩士學位學程

International MBA Program
College of Commerce
National Chengchi University

碩士論文

Master's Thesis

台灣傳統市場之水產舖經營分析與策略管理—
以北投市場為例

**Operation of Seafood Booth In Traditional Market—
Bei-Tou Market As The Model**

Student: Casey Yi Cheng Chen

Advisor: Professor Jack Wu

中華民國一〇一年一月

January 2011

台灣傳統市場之水產舖經營分析與策略管理—以北投市場
為例

Operation of Seafood Booth In Traditional Market—
Bei-Tou Market As The Model

研究生：陳怡誠
指導教授：吳文傑

Student: Casey Yi Cheng Chen
Advisor: Jack Wu



國立政治大學
商學院國際經營管理英語碩士學位學程
碩士論文

A Thesis

Submitted to International MBA Program
National Chengchi University

in partial fulfillment of the Requirements

for the degree of

Master

in

Business Administration

中華民國一百年一月

January 2011

Introduction

Traditional Market is one of the most ordinary forms of daily goods sales/trading center in Taiwan. Traditional market model was first established in Taiwan during Japanese Era; it was later diversified and re-structured in KMT Era and transform into the Traditional market like what we know presently. This business report is basically aimed at how to operate a successful Seafood Booth in Traditional Market, therefore understanding the background of traditional market will be necessary in order to get better pictures of how to operate a booth successfully within the industry. However, rise of modern shop had threatened the survival of traditional market in recent years. How to find a new way of management became essential for development of this traditional business.

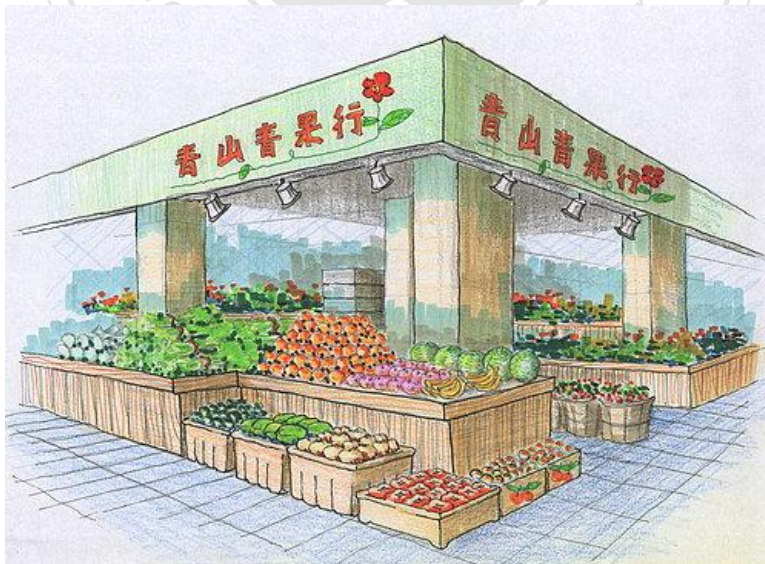


Table of Contents

1) Preface-Why Traditional Market? Why Seafood ?.....	4~7
2) Background of the industry.....	7~13
2.1) Traditional Market.....	7~8
2.2) Types of traditional market.....	9~12
2.3) Bei-Tou Community market and its development.....	12~13
3) Strategy and Analysis.....	14~42
3.1) Environment Analysis.....	14~19
3.2) SWOT Analysis.....	20~23
3.3) First Phase Strategy-3.3.1) Product Differentiation.....	24~30
3.3.2) Service Differentiation.....	31~32
3.3.3) Cost Down Strategy.....	33~34
3.3.4) Development of Uniqueness Strategy.....	35~38
3.4) Second Phase Strategy.....	39~41
3.5) Summarization of first-second phase strategy.....	42
4) Financial Statement.....	43~46
5) Summary and Conclusion.....	47~49

1) Preface

Why Traditional Market ?

Asia is the region which focuses the most on the development of cuisine and cookery compared to other places of the world. The cooking materials also tend to be much diversified in Asia. Out of Asia region, Chinese can be considered as the race that spend the most time on doing R&D on food industry. There is an old Chinese dialect “Chinese is the race who handles the food materials the best in the world (中國人是最懂吃的民族)”. The best example is that Chinese cuisine can divide to 8 different style:

- 1) Shandong style(魯菜)
- 2) Szechwan style(川菜)
- 3) Yangzhou style(揚州菜)
- 4) Cantonese style(粵菜)
- 5) Fujian style(閩菜)
- 6) Zhejiang style(浙菜)
- 7) Emblem(安徽菜)
- 8) Hunan Style(湘菜)

Despite the above mentioned cookery styles, there are also tons of uncountable Chinese style snacks and appetizers, thus the demand for different kinds of food materials is huge in Chinese region compared to other places in the world. However, Taiwan is one of the earliest places which start up the economy development in greater Chinese region. Therefore the development on the food and beverage also tend to be very early. Especially Taiwan’s trading history can trace back as early as 200 years ago. Therefore the cuisines in Taiwan also mix with some other foreign style like Japan or European cuisine. In Taiwan, the density and varieties of restaurant can also rank in top 10 in the world, however, a lot of

figures could support this idea.

Category	Number in 2008
Franchise brands in restaurant industry	1,500
Number of Restaurant	96,591
Value of annual output	1.8 trillion

For the store numbers of 96,591, it only counts the number of restaurants which belongs to franchise system. If we include the single restaurant and vendors, the numbers will be more astonishing. This gives us an obvious statement that Taiwanese love to eat and willing to try different kinds of taste. The food market is not only enormous; but also has a lot of potential hidden in Taiwan. Whether you are a chef from the restaurant or ordinary house wife, you can buy the cooking materials from different channels, they are:

- 1) Supermarket/hypermarket
- 2) Internet/Shopping Channel
- 3) Traditional market

Supermarket/Hypermarket is the most popular channel to purchase the food materials in present day. Most of the Supermarket/Hypermarket has below characteristic:

- 1) Clean and bright environment for consumers to shop
- 2) Diversify varieties of foods、drinks and other daily goods
- 3) Strong marketing campaign and advertising
- 4) Convenient location and parking spaces

All above characteristics make Supermarket/Hypermarket became the major trend for consumers to buy the daily goods. For the internet and shopping channel, it's a new kind of shopping platform, therefore the level of acceptance from the public is still not as common as physical store shopping, but it is growing with the tremendous speed. For traditional market, it is probably the only channel which is declining on the market size and output of the value

compared with previous platforms. But from the perspective of a new generation enterpriser, the observation and conclusion will be different. For a newbie who intends to join the food industry, traditional market is the best entrance to cut in. After a long time collection of evidence and research, there are a lot of proofs supporting the potential of traditional market in food industry. It also bring the birth of this business plan on “Operation of successful Seafood Booth in Traditional Market”

Why Seafood ?

Seafood has always been popular and highly accepted by mass market. Among all kinds of daily consumption goods: Meat、Vegetables、Cereals、Fruits、Seafood and Grocery items, Meat and Seafood are the two main categories which has the highest return on gross margin and largest consumption market. By comparing meat and seafood, the biggest difference is based on varieties. In meat category, there are basically two sectors: Birds(禽) and poultry(畜). In seafood industry, there are five sectors: Fish(魚)、Shrimp(蝦)、Crab(蟹)、shell(貝) and Mollusk(軟體). Products are more diversified in seafood industry. This gives seafood business operator more opportunities on diversifying the management strategies and products differentiation. Another major advantage is the supply chain or source for acquiring the seafood tend to be more complicated and fluctuated than meat industry due to catching on fishery is very unpredictable. If seafood business operator has strong supply chain and rich products sources, seafood operator can usually enjoy more consolidated customer base and higher margin than meat operator. Overall, Seafood industry could be a good business if operator could manage the supply chain and strategy well.

Traditional Market and Seafood ?

Traditional market still plays an important role in Taiwan’s daily food supply in different communities. Due to traditional market’s special characteristic in Taiwan, traditional market

is one of the fastest stepping stone to join the food industry. Even the importance of traditional market might be affected by new channels like supermarket/hypermarket or E-shopping, but it still has stable market base in food industry. As a new entrepreneur who has limited resource and wishes to join the food industry, traditional market provides a stable market base and lower barrier for entry compared to other food-related sectors. Among all types of foods varieties, seafood tends to have strongest diversification on products and broader markets for business operator to handle. That's why seafood is choosing as major selling products in traditional market. The goal of this business plan is doing the comprehensive analysis on the model of running the successful seafood retail in traditional market. The paper will also cover the research on traditional market's future development and transformation which can merge with food business and local tourism in order to launch a greater profit and regional economy.

2) Background of the Industry

Traditional Market

Traditional market used to be major trading center of daily goods in Japanese Era like previously examined. While Taiwan was still at stage of agricultural society during Japanese colonial period, traditional market plays an important role (perhaps the only preference) as shopping center for ordinary family and distribution cluster for all kinds of daily goods. As time passed, Taiwan's society starts to upgrade to an industrial/commercialize base society during KMT era. The function of Traditional market is placed by more modernized Hyper/Supermarket or shopping center which was ran by large Corporations. If that's the trend for daily goods consumption, why do we choose Traditional Market? What is the advantage or competitiveness of operating a booth in Traditional Market? These issues can be dressed by below points:

1) Convenient location-Most of the Traditional Market locate at very convenient spot within each town or city. In early era, place where traditional market locate usually represent the business center of a place; therefore it enjoys the benefit of high volume of traffic flow and frequent visit of the passengers. The development and local infrastructure also start to build around the traditional market. Even till now, core of town and city might not be around the traditional market anymore, but the population density near the traditional market is still considered high since it's used to be living center of a community.

2) Culture of the Traditional Market-Due to its long history, the culture of traditional market tends to be friendly and heart warming. The relationship between store owner and customers are like friends or neighbors. Therefore the people age between 40 and above have the habits of going to Traditional Market. Market does not only represent a shopping place, but also a place for socializing and interaction between the neighborhoods.

3) One Stop Shopping-Traditional Market is the cluster of small booths which sale different kinds of daily goods. Shopper can enjoy the convenience of one stop shopping with diversified varieties of daily goods.

4) Price competitiveness- Traditional Markets are owned by public institution and government, therefore the rent/electricity/tax all enjoys the extreme low cost. This can both reflect on the operating budget and the sale price. It is also the strongest competitiveness on running the business in traditional market. Booth owner can prevent the rip off of the profits from the channels and large distributors. The cost can be saved and generate the greater profit for both the consumers and booth operator. This will later be addressed in section of financial analysis.

Types of traditional market

While we talk about traditional market, most people will think about clusters of booths which sale different daily goods. But there are actually different types of traditional market;

they can be classified as below:

1) Distribution market(批發市場)

It is the uppermost supply source for daily goods. In each county or city, there are several distribution market which responsible for supplying the household foods for local residents. These distribution markets usually constitute by clusters of different products sectors and supply the goods to traditional markets like evening market(黃昏市場) or community market(社區傳統市場). The distribution market provides a platform for all kinds of producers to gather together and have a channel to sale their products to lower stream food business operators. These food business operators do not supply previously mentioned traditional market operators. Most of restaurants or hotels chef also come to distribution market to procure their catering materials. The operation time for distribution market(批發市場) usually starts at 2 am in the morning and ends at 8 am. After the buyers from different sectors come to acquire the materials they need, they can bring these materials back to their place and start the operation. So for traditional market's booth operator, they can start their business around 6~7am in the morning after they finish procuring the materials in distribution market, it is also the same for restaurant or hotel's chef. In Taipei, the largest distribution market are central fish market(中央魚市) and Huan-Nam market(環南市場). They considered as upper stream supplier for daily products.

2) Community Market(社區傳統市場)

Distribution market is the source of distributing the products to lower stream channel. Community Market(社區傳統市場) is the lower stream channel which face the consumers and supply the goods directly to them. The business hour for community market usually take time between 6am~noon. The consumers for community market are mostly household wives or ordinary citizens who live in the nearby community. Most community markets locate at center of a region or district in order to provide the fair distance for member who lives within the area. The traffic flow usually tends to be high and busy. However, this

type of traditional market is the one most of people are familiar with. They also have the strongest impact on sales by the rise of more modernized channels like supermarket or shopping mall.

3) Evening market(黃昏市場)

It is what we called afternoon or evening market which opens from 4 pm till 8 pm. The main markets they serve are the working group who usually got off from work after 5 pm. This kind of market was established after Taiwan transfer from traditional agricultural based society to business oriented society after 70s. Due to increase population of late worker, the society was split into 2 types of consumers groups: early birds and working group. Traditional market also has to adjust its service according to the characteristic of the inhabitants who live around them. Thus traditional market locates in business district turn into evening market and market locates in residential district still stay as early market. The basic function is still the same on providing the service of food supply, but the content might be adjusted according to the characteristics of people living in the community around the market. For example, evening market locates in busy business district might focus more on the food materials which is easy to handle like microwave foods or snacks in order to meet the needs of busy white collars.

4) Special types of traditional market(特殊性傳統市場)

The special types of traditional markets are the markets which focus on certain groups or markets, so the products these markets sale also tend to be more focused on certain category or consumers groups. The best example will be Shi-Dong(士東) market in Tian-Mu(天母) area. Most of inhabitants live in Tian-Mu area are Japanese people, therefore there is large market for Japanese foods like sashimi or Japanese related food materials. Due to characteristic of Japanese people, the request for cleanliness and sanitary will also tend to be

higher than Taiwanese. Therefore Shi-Dong(士東)traditional market's environment tends to be very clean and the products it display are mostly Japanese related stuff. Despite Shi-Dong(士東) market, another example of special type traditional market is named Small Nan-men(小南門) market. Most of the inhabitants live in this area are retired government workers who come from mainland China after world war two. Therefore there are a lot of rare foods like Northeast style sauerkraut or inland dumplings are sold in mall Nan-men(小南門) market. The foods sold there also tend to be different on taste compared to other places.

5) Tourism type of traditional market/fish market (觀光漁市型傳統市場)

This type of traditional market can also be called fish market since 90% of the products in this market sale are seafood related items. This type of market usually locates near the harbor or fishing port. The main customers it serves are tourists who come during the holidays. However, even its main function is to serve as tourism purpose, but inhabitants live around it can still come and shop in the market. The weakness is the preference of the food materials seems to be limited in the seafood category.

After classifying all types of traditional markets in Taiwan, it is clear that different types of traditional markets was established based for needs of different kinds of customer base.

However, **Community market** is the type of traditional market

This BP focuses on. First of all, community market is the mass kind of traditional market which is suitable for ordinary households. Therefore it has the largest customer base. Secondly, since community market has the closest relationship with mass market, therefore the diversification of the products are also greater than other types of markets. The strategies or ideas we can apply on operation of the profitable seafood booth are also more plentiful. Last but not the least; community market represents a large working population in Taiwan's labors forces. If this kind of power could be coordinated, it has a strong

bargaining power to cooperate with government and launch some large-scale programs together in order to attract high flow of the capitals.

Bei-Tou(北投) Community Market and its development

This business plan was mainly focused on ways of operating the successful seafood booth in community market. Despite the operation of profitable seafood booth, the profitable traditional market can also combine with its special cultural or environmental characteristic around it to produce the greater profits. After long time study and research, Bei-Tou(北投) traditional market was choose as the study model and the process of business plan is comprised like below flow path:

1) Strategies of operating a profitable seafood booth=profitable booth



2) Expansion of the booth in order to expand the profits=profitable traditional market



3) Strategic alliance with other booths and drive the events/activities which can combine with the characteristic of Bei-Tou(such as hot spring、hotels) and assistance from the local government in order to formulate the tourism related activity to expand the business nationally=program of alliance between traditional market and local tourism

The profit model this business plan aims is not only on operation of the profitable retail business, the final goal is to re-structure the traditional market business and combines the resources from the traditional market with the local culture(在地文化) in order to shape up a new type of district which includes the function of tourism and fine foods. The reason Bei-Tou is choose as model is based on few specialties it has

1) Bei-Tou has long history and resources of hot spring where rest of Taipei areas do not have.

It an be seem as attractiveness for development of tourism business

2) Bei-Tou traditional market is one of the most profitable night markets due to its stable population of inhabitants around it (250,000 people). Therefore Bei-Tou has advantage of stable market base for a seafood booth to make the profits compare to traditional markets in other areas.

3) If we combine Taipei city、New Taipei City and KeeLung(北北基) as greater Taipei life circle(大台北生活圈), there are around 7.25 million of population and it states around 1/3 of total population in Taiwan. Bei-Tou locates in the middle part of this life circle and it has the advantage of equal distance from any place within greater Taipei life circle(大台北生活圈). This characteristic of central traveling spot can provide greater attractions for inhabitants within this life circle come to Bei-Tou to shop and tour if the program was launched.

3) Strategy and Analysis

3-1) Environment Analysis(Externally/Internally)

After assessing the background of traditional market and seafood industry, it is important for venture capitalists to understand the environment internally and externally before investment. Despite the strength addressed on previous sections, there are also increasing threats from competitors and challenge from the change of the society. However, these points might affect the overall performance of business and increase the uncertainties on operating the seafood booth in Traditional market. They can be identified internally and externally as below:

External Environment Analysis
1. <u>Increase challenge from new Channels like Super/Hypermarket</u> Ex:Costco, Carrefour, Geant, Sinon Mart

2. Change of the social structure

ex: Average population of Family decreases,
Increasing population of female working force

3. Change of the consumption Habit

Youngsters have less tendency of taking care the meal by themselves

4. M-Shape Society

Consumers are spreading to 2 extreme ends of buying power

For the analysis of external environment, we can study these threats in more detail ways one by one:

1. Increase challenge from new Channels like Super/Hypermarket

Super/Hypermarket is the major trend of daily goods consumption in present days. From the study showed that 85% of consumers below age of 35 have the habits of shopping the daily goods in more modernized channels like supermarket or hypermarket. The biggest reason is it provides the brighter and cleaner shopping environment; therefore the shopping experience is good for most of people. However, there are differences between what we so called supermarket and hypermarket. Even both kinds of channels represent the main trend of shopping habits for younger generation, but there are slightly differences between these two types of modern channels.

1-1) Supermarket: Supermarket focuses more on sales of daily goods like meat 、seafood and food grains. The shopping spaces tend to be smaller compare to hypermarket since it focuses more on stuff needed for daily activities. The best examples will be Sinon mart(興農/楓康)、PX mart(全聯) and welcome(頂好).

1-2) Hypermarket: It focuses more on sales of multi-products. Despite the daily goods like meat 、seafood and food grains. It also includes the products which can be used for convenient purpose like electronic goods 、fashion goods or even sport goods. The shopping

spaces will also tend to be greater than supermarket since it covers more varieties of the products and services. The best examples will be Costco、Carrefour(家樂福)、RT Mart(大潤發)and Geant(愛買).

2. Change of the social structure

The social structure of Taiwan had been transformed from agricultural society to business oriented society. There are more people devoted into the working force compared to old days. However, increase participation of female working force will be one of the examples of social change. Since female represents largest consumption base for traditional market, so increase number of female working force will also affect the business of the retail market. Another factor of influence is the low birth rate and decrease of the family size. As we can see that new born babies are decreasing every year, it also represents the shrinkage of the consumer market.

3. Change of the consumption Habit

The demand for consumption on daily goods for youngsters is changed like previously examined. Conveniences become the priority for them and everything is scaled by scale of efficiency and timing. It is also the culture of fast food(速食文化). In old days, a meal is not only a meal, it also represents an opportunity for family members to gather together and care for each other after end of one day. Nowadays, reunion of families can only be seemed during certain big holidays like Chinese New Year or Moon festival. It also brings the negative impact on consumption of the daily foods.

4. M-Shape Society

M-shape society represents the larger gap on differences of wage rate within the society. In the past, the population in different wage rate might allocate fairly with close numbers at different level. Due to change of economy, the stratification of wage rate for each level seems to disappear. Nowadays, working force can simply be classified at two far extreme sides: either rich or poor. The middle class seems to either decrease or being pushed to

either sides of far extreme. Traditional market's main consumer base is focused on low-middle earning classes. If the middle class is being split, then the half of the original customer base in middle class can be seemed as disappeared. A recent study on M-shape society had predicted that 70% of population in Taiwan society might be pushed into lower end of poor side in next few decades. If we simply state that 30% of original population is seemed as middle class. As M-shape society phenomenon becomes more severe, it means 1/3 of middle class will turn into richer end while the other 2/3 of middle class turns into poorer end. From traditional market's point of view, this 1/3 of middle class can be seemed as loss due to change of the society. But from booth operator's point of view, whoever can manage this 2/3 of middle class, it might lead to growth of the business.

After the study on external environment, we can find that due to low performance on economy in past few years, consumer's preference become more price based oriented. This can best explain by phenomenon of M-Shape society like previous examined. If traditional market could supply the goods with cheaper price than super/hypermarket or dinning outside, customers would still turn back to traditional market due to their price oriented characteristic. In conclusion, M-shape society is probably the best element which is favorable for operation of the seafood booth in traditional market while the other three elements are considered as negative affects for operation of the traditional market.

After the analysis of external environment, we will analyze the internal environment like below listed:

Internal Environment Analysis
1. <u>Outdated Structure</u>
Old fashioned Design/decoration

2. <u>Cleanliness</u> Most markets remain a lot of place for improvement.
3. <u>Moving Lane/Traffic</u> Most locate in heart or center at region
4. <u>Cost Structure</u> Lowest among any kind of Channel.
5. <u>Age Structure of Operators</u> Average age between 45~55, but average is decreasing in past 2 years.
6. Culture of Friendliness(人情味) It is the specialty of the traditional market which is irreplaceable

1. Outdated Structure

It is one of the weakest parts on development of traditional market. Most of the traditional markets in Taiwan were established since Japanese era. Therefore the internal design and architectures all seem to be old fashioned and worn-out.

2. Cleanliness

Despite the infrastructure, cleanliness is another tumor which stops the growth of the market. It is also one of the reasons stopping the youngsters from shopping in traditional market. Luckily, government starts to be aware of the weakness and start to think about how to change the conditions in order to stimulate the growth of the traditional market. That's why government begin to host the activity like "Festival of traditional market" and invest more than NTD\$30 billion on re-construction of the infrastructure/hardware in 2009. In long run, government is encouraging each market develops its own specialty or characteristic in order to become the assets of local community and cultural heritage. From booth operator's perspective, we can enjoy the benefit from the policy of the government.

3. Moving Lane/traffic

Most of the traditional markets were established since Japanese era. These traditional markets serve as center for shopping and trading in each town or countryside. Therefore most of their locations are located at transportation links. It provides the benefit for operating the booth in traditional market since most of traditional markets have high flow of customers due to its convenient location.

4. Cost Structure

Despite the political support, low cost structure on operation is another main benefit for operator that we had mentioned in previous sections. Last but not the least, most of the operators in traditional market tends to be older generation with lower education background. If we could bring the new ideas+ strategic thinking, the differentiation could easily be made compared with the competitors. One thing to be aware is that the average age for booth operators has been decreased in past few years, it is the sign which signaling the increasing participation of the younger generation into this market.

5. Age Structure of Operators

Average age for booth operator is between 45~55 years old. Most of the younger generations do not have interest of involving in the industry. It is another benefit for us to participate in the industry since the future competition seems to be rare. But there is another interesting study showed that the average age for booth operator in traditional market is decreasing in past two years. This evidence shows that there is increasing number of young working force being aware of the potential of the traditional market in the future. However, overall competitions still seem to be low in the future.

6. Culture of Friendliness(人情味)

Traditional market has the culture of friendliness between booth operators and customers. It is culture which is being passed down from older generations and it can be seemed as the Chinese way of interactions between people. It is also something you will never see in any of the modern channels. However, it is the strongest advantage of traditional market which

can be sued to differentiate with modern channels.

After the analysis of internal environment, it is clear that traditional market still enjoys the advantages of good location、low cost of operation and low competition for new beginners. But there is still the problem on internal structure and cleanliness. The good news is that government is aware of the urgency of restructure and that is why government invested more than 180 million on hardware in past few years. This shift of funds can solve the problems that traditional market had since old periods. Even though restructuring might take a bit of time, but good thing is that traditional market is heading toward the right direction and the future can still be anticipated.

3-2) SWOT Analysis

S	W
1. Low fixed cost of operation 2. Convenient location 3. Promotion&resource from government and public institution Ex: Top 10 most popular booth/market vote Festival of Taiwan Traditional Market 4. Closer contact with customers 5. Free charge of Income Tax 6. Cluster Effect	1. Structure of consumers 2. Internal structure and environment 3. Storage/Quality maintaining hardware 4. Change of buying habits for youngsters
O	T
1. M-Shape Society 2. Less competition for youngsters to devote into the industry	1. Expansion of Hyper/supermarket 2. Change of the consumption behavior 3. Change of the family/social structure 4. Lack of scale of economy

1. Strength

From SWOT analysis, it is clear that the strength of operating a seafood booth in traditional market is still basically on low operation cost and convenient location. Free

charge of income tax and low management fees make the selling price very competitive compared to franchise/supermarket. Another special benefit of operating the booth is the contact between customer and booth operator tend to be closer than regular employee from organized corporation and customers due to the structure of the system and environment (both internally and externally). Customers tend to have stronger loyalty toward the booth once they get used to the service and products that booth offer. It is also something which is not easy to be placed by modernization of the hardware or pricing strategy. Government has also been aware of the importance of traditional market since it does not only represent a type of food supply chain; but also represents a local culture of communities. Taiwan government has held the activities like Festival of Traditional Market every year in order to encourage the participation of consumers upon the traditional markets. There will be votes based on competitions of best gift (最佳伴手禮)、best booths on-line. The competitions on best booth are divided into different categories based on varieties of products as below:

- 1) Snack category(小吃類)
- 2) Prepared foods(熟食類)
- 3) Seafood/poultry(生鮮肉品類)
- 4) Sundry goods(雜貨類)

Despite the best booths contest, there are also secondary activities like photography contest、painting contest in festival which are held for stimulation of the buying desire. However, overall purpose of the festival is aimed for bring up of the business in traditional market. Last but not the least, since every traditional market comprises 300~500 booths and every booth will have its major selling products and it can form a cluster effect. Cluster effect from traditional market is different compared to super/hypermarket. There are a lot of handmade products or foods which is made by local materials sold in traditional market. Stuff you can see in traditional market will be rare to see in modernized channels and it can form cluster effect base on its specialty of the products preference.

2. Weakness

For the weakness part, environment and out-fashioned design are always the tumors that decrease the willingness of consumers come to shop in traditional market. If the demand for traditional market drops, it will bring the impact to sales of seafood booth directly. Despite the above mentioned long existing internal weakness of the industry. The most threatened external factor is the changing behavior for new generation consumers. As times passed, younger couples do not have habits of making the meals on their own. Especially Taiwan society is transformed into a more commercialized and industrial society, younger generations tend to concentrate more time and efforts on the jobs rather than shopping/handling the everyday meal. Thus the demand for shopping the daily goods also decreases. These factors would do the enormous harm to survival of the booths located in traditional market. However, internal threat (environment) and external threat (dropping demand for shopping the daily goods for youngsters) are main conflicts that we must conquer in order to maintain the operation of the booth.

3. Opportunity

Opportunity exists as strength remains; so does threat stays as weakness were exposed. Positive side always exists as negative side comes and vice versa. The biggest opportunity for us to operate a booth in traditional market is the increasing formation of M-shape society. Population was divided into two groups and both groups fell into two extreme side of M shape society, the lower half which represents the market who seeks for cheaper price on daily goods will be our target segmentation. The population for this market seen to grow at tremendously speed in past few years, which means the demand for booths in traditional market would increase as a large proportion of market trend is shifting to more of price orientation.

4. Threat

From the threat perspective, the biggest one still comes from the increasing challenge from

newly developed supermarket/hypermarket. Since the procurement from these supermarkets can exercise the advantage of economy of scale, the price tends to be more competitive with these new channels. For the booth in traditional market, the buying power of the booths definitely can't compare with the large corporation. Advertisements from supermarket/hypermarket are also strong and attract the attentions of the customers. These advertisements influence the buying habits of the market by continuously broadcasting and bring certain level of damage for sales in supermarkets.

3-3) FIRST PHASE STRATEGY

In order to make the seafood booth successful, strategies play important role to help achieve the goal. Strategies can basically divide into two main directions: Differentiation or Price competitiveness. Both methods will be applied to our seafood booth in order to make the profits. However, below four strategies will be the main tactics that we use to make our seafood booth different from the rest:

- 1) Products Differentiation (Differentiation)
- 2) Service Differentiation (Differentiation)
- 3) Cost Down Tactic (Price Competitiveness)
- 4) Development of uniqueness (Differentiation)

Above strategies constitute the first-phase strategy which aims to make the operation of the booth profitable. Once the booth business starts to stabilize, it will lead to second phase of our strategy: Long Term expansion. Second phase will focus more on expansion of the booth business and seek for new methods of running the sales of seafood. The new methods will not limit seafood sales in booth anymore, but bring the seafood sales to other new channels in order to reach different customer base. It can be seen as the diversification of the seafood sales in other new channels. The long term goal is to combine the unique specialty of traditional market which is formulated by its booths with local environment in

order to promote the tourism for greater business opportunities. However, second phase strategy will be emphasized more in later paragraphs.

3-3-1) Products Differentiation

In order to make our booth outstanding and different compared to others, products must be unique and special enough that consumers do not see often at the other booth. At the same time, these products also need to be attractive and fit to mass consumers' taste. Therefore while most of seafood booth focus on selling the fish only with few combinations. Our booth will aim at seafood like below combination:

#	Category	Products	Varieties
1	Fish	Cod Fish/Basa Fish/Pomfret/Salmon/Spearfish/	5~7
2	Shrimp	Litopenaeus vannamei(白蝦) Tiger Prawn (草蝦) shelled fresh shrimp(蝦仁)	6~7
3	Shell/Mollusk	Locos/Squid/Octopus/Mussel	3~5
4	Crab Series	River Crab/Three Spotted Crab/Crab Tube	3~6
5	Value Added Products	Hot Pot item/salad series/Stir Fried items/snacks	10~15
Total			27~40

Red highlights are our focus seafood

While other seafood booth focus their products on varieties of fish, our booth tend to focus on all type of mass products. Fish · Shrimp · Shell/Mollusk · Crab and value added products can all be seen on our display table. Our customer can enjoy one stop shopping for all kinds of seafood. This kind of shopping model is still rare in most of the traditional markets. Out of all these categories, our booth will concentrate more on Shrimp · Crab and Value Added Products. In Asian culture, fish is still being seemed as the most important seafood on meal table. It is why almost every seafood booth displayed the fish products at best spot. Our seafood booth will still sale fish since it is the mass product in seafood family, but our

attention will be shifted more on other secondary seafood: shrimp 、 crab and value-added products. Our product differentiation aims to sale something that other booths do not expert in and make the characteristics of our booth more special compared with others.

1. Shrimp(蝦)	Despite Fish, Shrimp rank as second most popular and wide accepted food among varieties of seafood. But most seafood booth in traditional market sale fish only or concentrate mostly on fish and few types of shrimps to serve as contrast.
2. Crab Series(蟹)	Crab rank as 3rd best accepted specie in seafood family. But like shrimp, crabs are mostly seemed in more specialized seafood shop or nearby the cluster of seafood shops.
3.Value-added Product(調理加工品)	As the society is transforming into busier and faster rhythm social unit. There is increasing demand for “fast foods” or “Microwave type of Foods”. Our Booth also offers the well-prepared fast foods with different types and flavors of value added products.

1. Shrimp (蝦)

The varieties of shrimps will be concentrated on 5~7 major types of shrimp. In Taiwan, two largest shrimp groups for consumption are white shrimp(白蝦) and tiger prawn(草蝦). Most of the all you can eat buffet and hot pot restaurants use these two shrimps even more than fish categories. In regular families, these two kinds of shrimps are also main dishes on dinning tables. So on our booth, these two types of shrimps will be placed as main products and good quality will be key point for selling. However, despite the mass products of white shrimp and tiger prawn, the high-class type of shrimp will also be put in order to attract some mid to high income families. Under this circumstance, Fleshy Prawn(明蝦) and lobster(龍蝦) will be placed at position behind white shrimp and tiger prawn on our display table. Since Fleshy Prawn and lobster are focused on higher income families, therefore there will be special container for deposition of these two products. In order to increase the gap of differentiation between our booth and other booth, professionalism on shrimp and difference will have to be made and can be clearly compared with other booths by consumers. There is another high level acceptance shrimp product called shelled shrimp(蝦仁) which will be

placed at front position on display table. Shelled shrimp is like white shrimp and prawn, seemed as frequently used seafood in each family. The quality of shelled shrimp in booth can reflect the professionalism of the booth manager on procurement ability of the shrimps. The price of shelled shrimp is set to be between White shrimp/ Tiger prawn and Fleshy Prawn /lobster. So despite above mentioned shrimps, there will also be “season limited” shrimps put in our varieties of shrimps during the big holidays like New year、Moon Festival in order to stimulate the sales and strengthen the differentiation strategy. These season limited shrimps will be “Red shrimp from Argentina(阿根廷天使紅蝦)、Blue Diamond shrimp(中東藍鑽蝦) and Sea Prawn(海肥蝦). These shrimps are limited within certain time periods and can only be acquired through limited supply channels in Taiwan. Therefore our booth can use these rare shrimps to shield the sales of our regular shrimps like white shrimp and tiger prawn. These season limited shrimps play the role of strong promotion of our brand on “shrimp professionals”. Below chart is our menu for shrimp varieties.

#	Shrimps	Characteristic	Focus consumers	Place of origin
1	White shrimp (白蝦)	Cheap、high acceptance for mass customers and can be supplied whole year long	All level of income families	Taiwan、Thailand、Vietnam、Malaysia and South America
2	Tiger prawn (草蝦)	Higher price than white shrimp, but meat and taste are more solid than white shrimp. High acceptance for mass customers and can be supplied 3/4 year long	All level of income families	Vietnam
3	Fleshy Prawn (明蝦)	Higher price than white shrimp/Tiger prawn, mostly used in high level restaurant. Growth period is around 3~4 months/year.	Mid~high level income families.	Peng-Hu (澎湖)、Australia
4	Lobsters (龍蝦)	Higher price than white shrimp and Tiger prawn, the price is a bit higher than Fleshy Prawn. The growth period is around 3~4 months/year.	High Mid-high level income families.	Cuba、Australia and Philippine
5	Shelled Shrimp (蝦仁)	Another form of shrimp, mostly use in soup stir fried and congee. high acceptance for mass customers and can be supplied 3/4 year long	All level of income families	Taiwan、Vietnam

6	Season Limited Shrimps	Red shrimp from Argentina (阿根廷天使紅蝦)	All level of income families, especially for those who knows shrimps well	Argentina 、 Middle East and South-East Asia.
		Blue Diamond shrimp (中東藍鑽蝦)		
		Sea Prawn (海肥蝦)		

2. Crab Series (蟹)

It is another category in seafood family with high level of acceptance from mass consumers. Steamed crabs(大閘蟹) have been very popular in Taiwan recently due to its good taste and freshness. In most of the traditional market in Taiwan, it is rarely seems seafood due to its limited supply sources. On our booth, crabs will be secondly focus products. Due to its difficulty of acquirement, the varieties will basically focused on 3~5 types of crabs. For the mass customers' products, river crab(沙蟹/石蟹) will be placed at front position due to its low price and long growth period. For the consumers who focus more on taste and specialty, Three-spotted crabs(三點蟹) is the product focused for them. Like shelled shrimp(蝦仁)in shrimp, there is also another processed crab product called crab tube(蟹管肉) which is used widely in soup 、 stir fried and simple dish. The price range for crab tube is lowest among all of the crab products and it also fit the needs for mass customers. It is another major selling crab product at our booth. Because most of the crab products are short with their growth periods, so our booth has to centralize the resource and capitals to ensure the stability of the supply on few crabs. Therefore the varieties of crabs we sale will not be as diversified as shrimps. Basically strategy is to secure supply of three types of crabs: 1) cheap and popular crabs (river crabs) 2) higher level of crabs (three-spotted crabs) and 3) Cheap and processed crab product (crab tube). However, since most of the seafood booth in traditional market does not have a lot of types of crabs or even not selling crabs at all, therefore our booth can still make strong differentiation compared to the other competitors.

The crab combinations will be showed like below chart:

#	Crabs	Characteristic	Focus consumers	Place of origin
1	River Crabs (石蟹/沙蟹)	Long growth period of half year. Price and taste are also suited for mass market consumers.	All level of income families	China、Taiwan
2	Three-Spotted Crabs (三點蟹)	Short growth period of 3~4 months/year. Taste is also suitable for mass consumers, but price acceptance might suitable for higher income families.	High Mid~high level income families.	China
3	Crab Tube (蟹管肉)	Long growth period of 3/4 year. Price and taste are also suited for mass market consumers.	All level of Income families. Main focus on products like congee、stir fry	China、Vietnam

3. Value-added Product(調理加工品)

Value-added products cover a very wide range of food categories. Simply speaking, value added products are processed foods which can be eaten. These products include all kinds of hot pot materials (火鍋料)、souse products(醃製品)、lobster salad(龍蝦沙拉系列) and microwave products etc. The strategy of putting value-added products is to enrich the products combinations of the booth. These value added products fit the needs of fast food culture in current society. However, there will be around 10~15 types of products at our booth like below listed:

#	Name	Characteristic	Focus consumers	Origin place
1	Lobster Salad (龍蝦沙拉)	High level of acceptance and low price. It can be eaten right away after open up of the bag.	All level of income families	Taiwan
2	Hot pot products (火鍋料理)	High level of acceptance and low price. Especially hot pot is one of the most popular way of handling the meal in Taiwan.	All level of income families	Taiwan
3	Seafood Rolls (海鮮捲)	It's wrapped with shrimp and cabbage for fried usage.	All level of income families	South East Asia

4	Meat Ball series (丸子系列)	It is made by different ingredients like sailfish(旗魚)、pork(貢丸) etc. It is also very popular food in Taiwan, mostly used for soup.	All level of income families	Taiwan
5	Himono (一夜干)	It is what we called souse products(醃製品). Himono is the Japanese term of handling and dried the fish. They are snacks used in Japanese style dish while drinking mostly. The ingredients used for Himino are mostly mackerel(鯖魚).	Higher level income family. Mostly will be white collar or office workers.	Japan
6	Fast foods packs (速食調理包)	In Taiwan, the technology of food invention is considered advanced compared with other countries. Nowadays there are even Fast foods packs. These packs can be put in microwave or stove and can be handled within 3~5 minutes. The most popular packs in the market now are Ginseng chicken pack(人參雞)and Buda jumps the wall(佛跳牆調理包).	All level of income families	Taiwan
7	Cold dish series (涼菜系列)	These are ready to eat snacks which can be eaten after unpack. They are usually used as side dish on dinner table. The most popular cold dishes are soybean(毛豆)、black bean(黑豆) and Kimchi(泡菜).	All level of income families. Mostly will be elders or working groups.	Taiwan、Korea、Japan
8	Taiwan Traditional Snacks (台灣傳統小吃系列)	These are like Fast foods packs (速食調理包) in section 6, but this focus more on Taiwanese traditional style of taste. The focus products will be spiral shells(燒酒螺) and shrimp roll(府城蝦捲) etc.	All level of income families. Mostly will be elders or working groups.	Taiwan
9	Livestock &poultry (畜禽類)	Despite the seafood, there will be certain portion of meats sold at our booth, but meat products are mainly focused on processed ones which can be eaten right away after unpack, they are oil chicken(油雞)、drunk chicken(醉雞) etc.	All level of income families. Mostly will be elders or working groups.	Taiwan
10	New year packs (年菜系列)	This section is set up strategic purpose during the Chinese New Year. New year is considered as the holiday with strongest consumption power. Therefore products for New year packs focus on stuff which is popular and widely accepted by mass customers during the new year, they are mullet roes(烏魚子)、fins(魚翅) and fish roes(魚卵) etc. These products will only be seemed during the holiday.	All level of income families. This set of products will only be placed during Chinese New year in order to stimulate the buying motivation and strengthen the attractiveness of the products lists of the booth	Taiwan

Due to high turnover rate and quick invention of value added products, the above mentioned products might be adjusted according to seasons and trend of the food markets and consumers tastes. However, the main purpose of displaying the value added products at booth is to enrich our food varieties of the booth and also expand our market to more efficiency- oriented and fast food oriented consumer base. There is another advantage of adapting the value added products is that there is no problem on growth period for value added products. Because most of these value products are artificial or processed foods, therefore the supply will not be affected by weather or any other natural conditions. Thus the shortage of the products might be factor to consider while managing the seafood products, but it will never be the issue for value added products. Base on these three main categories our booth will focus, products price ranges will be classified like below:

#	Category	Standard	Price Range	Specie(Item)
1	Shrimp	High Cost	NTD\$600/K and above	Lobster 、Flashy Prawn
		Low Cost	NTD\$600/K and below	White Shrimp 、Tiger Shrimp
2	Crab	High Cost	NTD\$400/K and above	Three-Spotted crabs
		Low Cost	NTD\$400/K and below	River Crab 、Crab Tubes
3	Value added Product	Margins rate range about 20~30%		Tainan shrimp roll 、Lobster salad 、hot pot series 、Taiwan Traditional Snacks 、cold dish snack etc

3-3-2) Service Differentiation

Despite the products differentiation, service we offer will also vary with others:

#	Service Differentiation			
1	E-Business	1-1	Blog	<u>Blog</u> -It's the most popular and widely accepted internet tool for mass consumers. It serves the same function as websites and enables the viewers to interact with the Blog operator. We can post the latest information and price on Blog and nurture the basic customer base

			through Blog. Yahoo Blog will be the main tool our booth would run.
	1-2	Face Book	<u>Face Book</u> -It serves the similar function as Blog, it will also be applied due to some users who feels more comfortable with Face Book than Blog, therefore we would also take care of the face Book users.
	1-3	Shopping site	<u>Site</u> -We can also sale our products through large bidding platform in order to develop a new channel, such as yahoo bidding site 、Ihergo(合購網)
2	Delivery service		<p>Most of the Booth operator just perform the basic service on retailing. Our Booth will serve our customer not only through regular retail and internet sales, but also door to door delivery once the customer's consumption value had reached NTD\$3,000, this service has below tactics involved in:</p> <ol style="list-style-type: none"> 1) Encourage the group shopping in order to attract more customers know about our booth. 2) Increase the efficiency and turning rate of the stock. 3) In order to reach the amount, consumer will need to invite the others to do the shopping together. It helps to do free advertising on our brand and increase the popularity of the booth.
3	Personal shopping service (客製化代採購服務)		<p>It's the special service which was offered for 2 kinds of customer</p> <ol style="list-style-type: none"> 1) Whose consumption amount is more than NTD\$5,000 2) Royal customer (ex: Who has more interaction with us on internet or customer who come to shop at booth regularly) <p>The Menu we offer for personal shopping service will be different compared to our daily sold seafood at booth. The seafood on the menu</p> <ol style="list-style-type: none"> 1) will be changed according to season 2) If there is anything customer want but not on our special menu. They can provide their own list to us, we could also help them to shop and deliver to their doors. <p>There are two goals for personal shopping service</p> <ol style="list-style-type: none"> 1) Increase the service differentiation of our booth compared to other seafood booth 2) Increase the customer royalty

It is clear that our service differentiation basically focus on two elements: E-Business and customization. From E-Business perspective, even though the average age that comes to

shop in traditional Market is older. Due to formation of M-shape society, there is increasing amount of younger working employees come to shop in traditional market. These customers are mostly married women and aged between 25~40. This consumer group has characteristic of price oriented, and also familiar with modern internet technology. Therefore E-business is a way to attract the attentions of them. In fact, our booth does not only provide the service on internet, we also have physical shop in traditional market and it can give them more faith on our honesty and quality of the products compared to some shopping sites on line. From the perspective of customization, despite the personal delivery service and group purchase premium, our booth can customize a list of seafood materials according to different seasons for our royal customers and advise them the market price. Customers can pick the items they are interested and let us do the service of procurement through our supplier chains and deliver the products to their door. This can guarantee customers' acquirement of best seafood during each season with lowest cost. It is also the challenge for us to build the relationship with customers. Once customers found out that our booth's ability of providing them the best seafood materials with lowest price, it can solidify the royalty of customer base. However, base on E-Business and customization, the service differentiation strategy aims to increase the level of trust from customers in order to promote the brand awareness of the booth, thus expand the market shares.

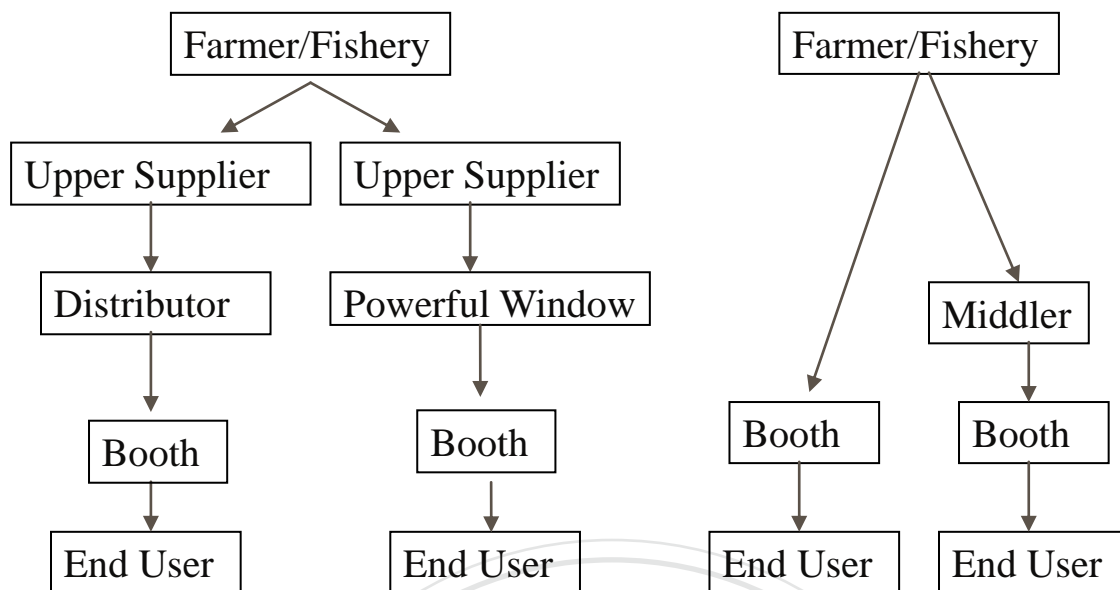
3-3-3) Cost Down Strategy

Price plays a key role on the business of the booth. Without a competitive price, the sales can never generate. Therefore the price is the most competitive weapon which can help us compete with outsiders (super/hypermarket) and insiders (other booth operator). We can proceed as following:

Direct Supply from Utmost (Get rid of the mid players)

Original Supply Chain

Our Supply Chain



According to my current working position as seafood procurement agent, I personally have the closer connection with upper-stream suppliers compare to other seafood booth operator. Thus I can use my resources help me getting the products without being ripped off by what so called upper suppliers. Food industry is basically the business of how to reach the upper stream producer. Whoever has the connections to reach the upmost stream, the operation cost will also be minimized according to the level you reach. It is also why our booth can obtain certain special products like season limited shrimps or value added products through our supplier channels. This difference of supplier chain does not only minimize our cost, but also increase the diversification of the products we can offer compared to other booth operator. For the outside competitors like super/hypermarket, the cost of operating the booth in traditional market is definitely much lower. First of all, it is free charge of income tax according to government regulation. Therefore booth retailers do not have to provide receipts while doing the business in traditional market. It is the policy that government posted to protect the growth of the local food retail business and it can provide at least 5% of the space on pricing for booth operators compare to outside competitors. Secondly, the rental fees on booth also enjoy the benefits from government's patronage on market space. The rental fee of the booth is based on the land scale your booth occupies. But most of the

traditional market is public owned association, therefore the rental fees is considered very cheap compared to real market price. In average, a monthly rental fees for a booth cost around NTD\$ 3,000~5,000 dollars in traditional market and this gives seafood booth another advantage on operation cost. Not only the rental fees, actually every traditional market in Taiwan enjoys the discount on price of hydro and electricity due to government policy. However, these fees are very stable and would not adjust unless there is change on the government's patronage policy. Therefore overall cost on running the booth in traditional market is very cost competitive. Third, Government has hosted a lot of funding programs on development of the hardware in traditional markets in recent years. These funding improve the environment of the market and its surrounding areas in order to increase the competitiveness of the traditional market against the large retail corporations. For example, Taipei government has distributed the capitals for more than 5 billion dollars on expansion of the parking spaces near 10 largest traditional markets in 2009. These policies slowly change the impression of what people think of traditional markets in old days. Last but not the least, the location of the traditional markets is mostly at center of the community or place with high flow of passengers. Therefore the booths in the market can enjoy a stable flow of the visitors without any extra fees.

3-3-4) Development of the unique culture and style

There will also be varieties of marketing or promotion strategies we could use to stimulate the sales and increase the consumers' interests.

#	Strategy	Examples/explanation
1	Combination with local specialty/resource	Bei-Tou market can cooperate with local Hot Spring+Hotels to hold "Hot Spring Festival"
2	Cooperation with Government's program/event	2010 Taipei's Festival of Traditional Market
3	Management of the personal "Booth" Brand	1) Design of the Logo 2). Design of the Slogan

1. Combination with local specialty and tourism resource

Our model for booth operation is on Bei-Tou traditional market. The reason we choose Bei-Tou market is not only for its high consumers flow like previously mentioned, another main reason is due to its rich resources on tourism like hot spring、historical bathhouse(傳統澡堂)、gorgeous clusters of hotels and beautiful scenic sights like path of sakura(櫻花步道) during spring and summer. However, the tourism resource of Bei-Tou will have to be addressed before cut into strategy of combining the traditional market with local resource. Taipei government had put tourism as one of the key development on future green economical development. As idea for environmental protection is increasingly being aware by mass public, every government aims to develop clean economy with lesser degree of pollution. That's why tourism is being marked as key policy for economic development. Bei-Tou is famous for its antique hot spring culture and natural scenic sights like Guan-Du natural park、Yang-Ming Mountain etc. These resources give Bei-Tou the strong backup to attract tourists come and incurs the consumption. Below is the statistical data on tourists flow for four largest tourism spots in Bei-Tou: Guandu natural park、Bei-Tou hot spring museum、Katagalan culture museum and Yang-Ming Mountain National Park.

1) Guandu natural park(關渡自然公園)

Numbers of tourists	95,272	108,125	96,771	114,542	107,284	521,994
years	95	96	97	98	99	95~99

2) Bei-Tou hot spring museum(北投溫泉博物館)

Numbers of tourists	181,581	149,385	189,302	291,296	281,647	1,093,211
years	95	96	97	98	99	95~99

3) Katagalan culture museum(凱達格蘭文化館)

Numbers of tourists	76,295	261,258	187,045	116,494	161,648	802,740
years	95	96	97	98	99	95~99

4) Yang-Ming Mountain National Park(陽明山國家公園)

Numbers of tourists	2,231,000	2,2196,000	1,751,000	2,006,000	1,813,600	10,021,200
years	95	96	97	98	99	95~99

From the above statistical data, we can see that even the numbers of visitors might fluctuate according to different year, but overall number for visitors is increasing in each tourism spot. These tourists can provide our booths and traditional market another source for consumption if we can implement a complete tourism program or package which can combine both the tourism resources and local foods/culture. Most of the booth operators in traditional market currently still focus on doing the business of retail. As time changes, sales is not only about quality of the products and competitiveness of the price anymore. Marketing and package of the products/service is another main tactics retailers have to be aware in order to differentiate with other competitors. Since Bei-Tou has absolute advantage on location (like previously examined) in Greater Taipei region and plentiful tourism resource, booth operators in Bei-Tou can cooperate together and form an association of Bei-Tou Traditional market which not only manage the business and maintenance of the order, but also implement the program or festival in order to combine all the resource like previously mentioned to attract more consumption from the visitors. This kind of activity can only be successful by cooperation between local government and local business. This strategy aims at greater scope of profits by expanding the business of traditional market to combine with local tourism, thus lead-time preparation and plan will have to be detail and it might take certain period of time. However, if this strategy can successfully connect the local food/culture of traditional market

with tourism, the development can expand from retail business to greater regional tourism business.

2) Cooperation with Government's program/event

Taiwan Government has been aware of the importance of traditional market in recent years, therefore they had hosted the event of "Traditional Market Festival" (<http://www.2010market.com.tw/show3.html>) each year in order to encourage more visits of the customers to traditional market. Our booth can also use this kind of opportunity to improve the visibility and popularity. Beside the government's event, there is also the interflow of experience between traditional markets which is hosted by Taipei City Market Administration Office every few months. Our booth can also use these chances to learn and inspect from each others work. Under some circumstances, we can also alliance with other booths that has similar ideas with us and integrate the procurement quantity on some of the products together in order to minimize the cost of products. The information flow on new products can also be exchanged with increase frequency on exchange of the experience between booths. However, efficiently use of the resource government provides is another main strategy our booth can manipulate in order to increase booth's strength.

3) Management of the personal "Booth" Brand

Brand management is another strategy we will apply on the management of the booth business. It can also be seemed as another type of differentiation. Most of the booth operators in traditional market do not have the ideas of creating its own brand or specialty. So we will design our logo and shop sign at the booth in order to enhance the awareness of the booth. Despite the logo and shop sign, every time our customers bring its own bag to carry the products they bought from us, there will be 2 dollars deduction as encouragement of environmental protection. For the package materials our booth offers, it will also focus on

materials that is friendly to environment and recyclable in order to incur more responses from customers who has same kinds of attitudes like us. The logo will also be printed on the package materials in order to do the advertisement for the booth. Last but not the least, there will be a slogan and theme being put on all our media or advertisement campaign in order to express the culture and ideas of the booth. The slogan will be “eating with healthy and tasty seafood can coexist with saving the planet earth.” This slogan perfectly shows the spirit of our booth and intends to make difference with other booths in traditional market. However, the intention of the slogan is to attract the interest of younger generations and make them understand that buying seafood in traditional market can also be environmental protection and fit the main social stream.

3-4) Second Phase Strategies: Long Term Expansion

After going through the first phase strategy (year 1~5), the booth is expected to have a stable business and looking forward to expand the business to wider range. Therefore there is a second phase strategy which focuses on development of the booth for longer time period and larger scale. They are listed as below:

year	Strategy	Target
6~10	Expand the booth from one to five. One booth per one famous traditional market.	Reach to certain economy of scale in order to strengthen the procurement ability and expand the products line. We can also form a franchise of seafood booth in traditional market with our own brand.
11~20	Despite the retail business of the booth, we would move to upper stream and start to do the distribution business(盤商)	Diversify the business and start to manipulate the seafood market and play the role as distributor.
20 and beyond	Allocate enough capitals to invest the upmost stream. It can either be the processing factory、fishing boat or fish farm.	One line(一條龍) control from the upmost stream to the channel of retail in order to maximize the profits and gain the absolute control

For the year 6~10, the strategy is to expand the booth numbers to other traditional

market. In Taipei City, there are total of 48 public traditional markets. Basically we will focus on 10 largest traditional markets with highest customers flow for booth expansion. The target is to increase the booth numbers in order to apply economy of scale on buying the products. In food industry, large consumption can ensure the lower price. The target numbers for booth expansion is around 4~5 booths and the main traditional markets we focus are like below listed:

#	Market Name	Characteristic	Advantage	Operation Strategy
1	Shi-Dong market (士東市場)	Locates in Tian-Mu(天母) with high flow of foreign residents. The consumption is also stronger than other traditional markets.	High consumers flow with strong buying power due to foreign residents	Focus on products that fit the needs of foreigners.
2	Small Nan-men (小南門) market.	A lot of special mainland style foods can be found here, thus numbers of customer flow consider as top five among all traditional markets in Taipei	High consumers flow. The residents around the market are mostly retired public servants.	Focus more on mainland related food materials.
3	Tam-Shui (淡水) market	High flow of tourists with stable consumption from Tam-shui residents.	Consumers are comprised of local residents and tourists. Especially there are two large universities located in Tam-Shui which provide stable customer base.	The products combination will be similar with Bei-Tou since both places are famous places for tourism
4	Yong-Chuan (永春)market	Locate in downtown Taipei. Hardware is very advanced with higher income residents around the market.	Residents living around Yung-Chuan are mostly white collar working groups with high income.	Focus more on high quality food materials with easy handling characteristic.

There will be one booth per one market. The target is aimed to reach the quantities of five to six booths (including Bei-Tou). According to our 6~10 years plan, the speed for development will be around 1 booth/year. Each of these booths would carry exact same brand/logos as Bei-Tou market. The target goal is to make these booths formed a franchise of booths in traditional markets in each popular traditional market. As the representative, we can integrate the procurement in order to strengthen the bargaining power with suppliers

to reach economy of scale. Even though the operation strategies applied to other booths might be adjusted according to the characteristic of the residents in each market, but the main management ideas will still be the same. Therefore the ideas of product differentiation 、 service differentiation 、 cost down strategy and development of the culture will still be the same in order to create the style and impression of this franchise of traditional markets' booth. In the future, this kind of style will transform into enterprise culture and brand image of the business.

For the year 11~20, secure and improve of the profits for each booth will be the major priorities. Despite the improvement of the profits, another main goal is to use the accumulated capitals to invest certain seafood products. However, manipulation of the seafood product is one of main technique in the industry. For example, there is strong demand for saury pike(秋刀魚)during Moon festival. Once our franchise business has enough capitals and strong customer base, we can buy them before Moon Festival and distribute them during the holiday. The products we bought in do not only supply our own booths; we can also resell to other booth operator or even restaurants. Simply speaking, our role is transferred from original manager of the franchise booth to seafood distributor (水產中盤商). As the distributor, there will be power to determine the price of certain seafood and influence the quantity of the products flow in the market. Collaboration of retail booth franchise business and distribution business can help accumulate the capitals faster and more efficiently. However, our goal is to become a player in the seafood industry which has the power to store the stocks and influence the market price of certain products. For the year 20 and above, if our plan goes smoothly as previously planned, our booth business will try exploiting the upper stream business. The upper stream in seafood business are mostly considered as fishery farm 、 food processing factory or fishing boats. These three are the upmost source of acquiring the seafood. Once our franchise reach to certain economy of

scale, there will be enough accumulated capitals for us to invest them in order to ensure the competitive price of our products. The best outcome is that from upmost stream to selling channel are all controlled by one person. This can save a lot of middle fees and ensure the stable quality of the products due to complete management of the supply chain.

3-5) Summarization of First-Second Phase Strategy

First phase strategy apply the strategies of products differentiation、service differentiation、Cost down strategy and development of the unique culture to strengthen the profit of our booth in Bei-Tou traditional market. The strategies are basically focusing either on direction of differentiation or cost down. The main purpose is to increase the competitiveness of our seafood booth among the rest of the competitors in Bei-Tou market. We will sale five main kinds of seafood at our booth, but our focus of the selling products will be shrimp、crabs and value added products in order to differentiate ourselves from other seafood booth operators. We expect to build the image of our booth as professional on shrimp and crabs with plentiful resource on value added products in consumers' impression. The first phase strategy is expected to be completed by end of year 5 after the business of booth start to stabilize. While we start to expand our booth numbers to other traditional markets, then phase two strategy starts to launch. Purpose of Phase two strategy is to expand the booth business to more organized franchise form in Taipei's famous traditional markets. The whole idea is to transform from original channel operator to middle distributor of seafood and finally become the upmost stream of the supplier. The order is like below flow chart:

Stage	1	2	3	4
Goal	Develop the Booth business in Bei-Tou market	Form franchise of the booth in other markets	Management of both franchise business and middle distributor	Invest the upper stream supply chain: Fishery farm、processing factory or fishing boat
Phase	Phase One	Phase Two	Phase Two	Phase Two

4) Financial Statement

In Taiwan, there are total of 535 traditional markets spread in 25 counties and capital cities (chart 2). From the below chart, it is clear that annual sales is around NTD\$ 7 million/Booth. Of course there are some booths enjoy extreme high revenue while some might still try to break even. From the chart, it is obvious that average earning per booth is still high compare to some small/mid business organization. The main reason can be explained by above mentioned benefits that traditional market enjoys. Overall, the most competitive point is still due to its low cost structure.

# of public Traditional Market	# of booth	Annual Sales	Annual sales/Booth
535	43,173	NTD\$300 Billion	NTD\$6.9Million

Chart 1

Basic Operating Cost	Description
1. Rent	Average NTD\$3,000~\$5,000/month, depend on size of the booth
2. Tax	No Income Tax
3. Electricity	NTD\$500~3,000, Depends on policy of Traditional Market
4. Management/Security	No Charge(Covered by Government)

Chart 2

Estimation on operation cost of our booth/month:

Rental	NTD\$2,000~NTD\$5,000 (basically base on scale of square meter)
Appliance	NTD\$3,500~5,000
Water/Electricity	NTD\$3,000~4,000

Transportation	NTD\$9,500~20,000
Miscellaneous	NTD\$3,500~4,000
Products	NTD\$120,000~500,000(depends on month)
Total Operating Cost	NTD\$141,500~538,000

Chart 3

The average fixed cost + products cost is around NTD\$339,750/month. The labor cost is actually free since one person (boss) will be fair enough at beginning stage. Our booth enjoys the free charge of the tax and low cost on space rentals. The money we save from these sectors could be saved and used on products differentiation or fulfilling our service strategies in order to attract more outside customers come shop in traditional market.

Profit Statement

	Year 1	Year 2	Year 3	Year 4
Net Sales (\$NTD)	3,606,852	3,967,537	4,147,880	4,220,020
Total Cost (\$NTD)	2,492,624	2,741,880	2,866,520	2,916,370
Net Income (\$NTD)	1,114,228	1,225,657	1,281,360	1,303,650
Earning/month(\$NTD)	92,852	102,138	106,780	108,638
Increase % sales	-	10%	15%	17%

Chart 4

Our booth plans to break even by end of the first year. By beginning of second year, the earnings will be saved as assets of the booth for future investment funds. Since the entry barrier for seafood booth business is low, therefore the strategies we apply might imitated by competitors soon. So the profit is expected to fall by fourth year and stabilize at later periods. Therefore the strategy after year 4 will be adjusted to wider scope, which initiates

the second phase of strategies. Since our market plan is focused on traditional markets in city of Metro Taipei, therefore top 10 most popular markets will be our main targets for expansion. Like previously mentioned, Shi-Dong(士東)、Small Nan-Men (小南門)、Tam-Shui (淡水) and Yung-Chun (永春) are four markets we will focus due to their large customer base and potential for future development. However, below is our annual sales forecast base on one year (year one).

Sales Forecast	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Sales												
Products sold by booth	500,000	170,000	178,500	212,500	195,500	275,000	209,185	219,644	325,000	204,750	214,988	300,000
Delivery and E-business	100,000	35,000	36,750	39,200	39,900	55,000	41,944	44,041	65,000	39,000	40,950	65,000
Net Sales	600,000	205,000	215,250	251,700	235,400	330,000	251,129	263,685	390,000	243,750	255,938	365,000
Cost												
1-Fish	75,000	22,500	23,625	24,750	25,200	37,500	26,964	28,312	45,000	29,250	31,298	52,500
2-Shrimp	155,000	46,500	48,825	51,150	52,080	77,500	55,726	58,512	93,000	60,450	64,077	108,500
3-Crabs	72,000	21,600	22,680	23,760	24,192	21,600	21,773	20,684	28,800	20,160	21,370	36,000
4-Shells& Mollusk	45,000	13,500	14,175	14,850	15,120	13,500	15,574	16,352	15,750	9,450	10,112	20,250
5-Value added products	60,000	18,000	18,900	19,800	20,160	27,000	21,168	22,226	27,000	20,250	22,275	30,000
Cost of products sold	407,000	122,100	128,205	134,310	136,752	177,100	141,204	146,087	209,550	139,560	149,131	247,250
Gross Profit	193,000	82,900	87,045	117,390	98,648	152,900	109,925	117,599	180,450	104,190	106,807	117,750
Operating Cost												
Rent	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Appliance	5,000	3,500	3,600	4,000	4,000	4,500	4,500	4,550	4,800	4,300	4,000	4,200
Traffic& delivery	21,000	9,500	10,000	11,500	12,400	13,950	12,500	12,400	15,500	13,175	14,400	16,000

Utility	3,700	3,500	3,500	3,500	3,500	3,600	3,450	3,400	3,600	3,350	3,450	3,500	
Miscellaneous	4,000	3,500	3,600	3,800	3,800	3,950	3,700	3,650	4,000	3,600	3,650	3,800	
	38,200	24,500	25,200	27,300	28,200	30,500	28,650	28,500	32,400	28,925	30,000	32,000	
Net Income	154,800	58,400	61,845	90,090	70,448	122,400	81,275	89,099	148,050	75,265	76,807	85,750	
Annual Net Income	1,114,228												
Average Net Income/Month	92,852												

From above statement, it is clear that January、April、June and September are the best sold months for seafood booth. January is the month for preparation of food materials for Chinese New Year, therefore the business in this month is always threefold of the sales of the regular months. For June and September, there are two big holidays of Dragon festival and Moon festival. The consumption power is also strong within these two holidays. For April, it is also hot because it is Qing-Ming festival(清明) and Chinese society has the culture of worshipping the ancestors. Therefore the consumption trend also tends to be stronger during this period. As the booth operator in traditional market, the exercise of strategies and selling of the right products will be essential for profit growth during these periods. However, despite mastering of the market trend; minimizing the cost will also be another topic for us to study. Profit can only be expanded by increasing of the profit and decreasing of the operating cost at the same time. There is one thing to be aware is that because our booth also provide the service on door to door delivery and E-business, therefore there will be extra cost due to running of the sites and delivery of the goods. Both the sales from traditional market and internet will be considered equally important for future development of the seafood booth.

5) Scope & Conclusion

The scope for this business plan can be classified as following 3 stages:

- 1) First 1~5 years-Maintain the average internal rate of return of 20~30% and increase the

awareness of the booth and strengthen the customer royalty for the booth brand.

2) Year 5~10 -Expand the booth numbers from 1 to 5(1 booth/traditional market) at least.

This goal is aiming to reach to certain level on economy of scale in order to have more competitive price and products. The awareness of the brand and consolidation of the franchise structure of the booth are also important to accomplish.

3) 10 years+-accumulate the capitals and moving forward to become upper stream distributor.

If possible, run the fish farm or even cooperate with upmost stream in order to control the resource and form a one-line service from production to selling.

How well do the first phase and second phase strategies is being applied became the essential factor for our booth to succeed. These strategies can clearly differentiate our booth from the other competitors in the “almost perfect competition” market of seafood retailing. Despite the right use of the strategies, the change of internal and external environment is also important to be aware of. Strategies can only reach its total performance while they were being applied at right time, thus both internal and external environment determine when would be the right time to exercise the strategies. As time passed, both booth and traditional market reach to certain point that “change becomes essential” in order to survive. Even seafood market is very competitive due to its low entry barrier. But seafood has always been well accepted by mass market, therefore there are still plenty of chances in seafood retail business as long as the operator could manipulate the management strategies in right way and right time. Despite the strategies we had previously mentioned, there are few new ideas which our booth would like to focus on implementation:

1) Coordination with the government on promotion of the local festival and combine the tourism with traditional markets. Most of the traditional markets have long history and represent the landmark of the region. Therefore combining the tourism resource with traditional markets’ fine foods can formulate a sightseeing program in order to stimulate not

only the business of traditional market or tourism; but also bring up the economy of the whole community and region. The best example is the Hot Spring festival in Bei-Tou which combines both the hot spring culture and local fine foods from Bei-Tou market.

2) Brand management is another new idea this booth is intended to build in traditional market. Package of the product and development of the brand becomes not only important to large corporation, but also essential for development of the retail business. Since food market in Taiwan is very competitive, how to differentiate yourself with others became a major key for generation of the profits. Therefore brand management becomes an important topic to study in order to strengthen the customer awareness of the retail business.

After assessing the background and strategies of the industry, the business plan of seafood retail in traditional market is looking for ways and methods not only for generation of the profits, but also looking for opportunities for reforming of the traditional markets. Since modern channels like super/hypermarket had strongly influenced the buying habits of younger generation, it is also the time that traditional market has to seek for change of the management and ideas in order to survive in competitive environment. Traditional market has certain characteristic and culture which will never be bale to be replaced by modern shops. What traditional market should do is to maximize these advantages and transform them into attractions in order to retrieve the interest of younger generations to shop in the traditional market. Since traditional market represents a part of Taiwan culture, the future direction for its development is also very important for everyone who lives in this place and should be paid the close attention to.