

The Succesful Reasons on Pang Dong Lai Supermarket

Xiangyu Zhang^{1,a,*}

¹*Vanbrugh college, The University of York, York, YO10 5DD, The United Kingdom of Great Britain and Northern Ireland*

a. xz2995@york.ac.uk

**corresponding author*

Abstract: The essay uses Pang Dong Lai Supermarket in Henan Province as an example. First, it describes the basic circumstances of Pang Dong Lai Company. In a competitive market environment, Pang Dong Lai Supermarket continues to develop its business scale and market share by opening more branches in Henan Province and vigorously marching into surrounding provinces and cities. By constantly expanding its business scale, the supermarket is able to better meet consumer demand and improve its market competitiveness. In addition, the effect of service quality and after-sales service on the success of Chinese supermarket chains was investigated in terms of customer happiness, loyalty programs, and retail dynamics. According to the investigation, strong service quality and after-sales service are critical to supermarket performance and can help Pang Dong Lai Supermarket solve its challenges. Furthermore, the article underlines how employee wellbeing affects a company's ability to innovate, as well as the importance of customer service and employee satisfaction in economic success. Overall, service quality and after-sales support have a substantial impact on grocery companies' performance. To operate in a competitive market, supermarket chains must prioritize consumer requirements, enhance staff welfare, establish a positive brand image, and innovate to react to market changes.

Keywords: Customer service, Employee care, Pang Dong Lai

1. Introduction

The rapid growth of supermarket chains in China has already established them as an essential part of the retail business. Pang Dong Lai supermarkets in Henan province have established themselves as industry leaders thanks to their distinctive service orientation and strong market influence. Pang Dong Lai Supermarket has grown its company scale and market share in a competitive market environment thanks to its distinctive service style and significant market influence. The store has not only developed several branches in Henan Province but has also actively expanded into surrounding provinces and cities. By constantly extending its business scale, the supermarket is able to better meet the needs of its customers and increase its market competitiveness.

The retail industry, particularly supermarket chains, has been the subject of academic research since it influences all elements of e-commerce, from customer happiness and loyalty programs to retail dynamics. For example, a report published by Goi et al. in 2021 examined the elements influencing customer happiness in supermarket commerce, emphasizing the importance of service quality for customer retention and market success [1]. Similarly, Nettet et al. investigated how loyalty

programs might increase consumer loyalty in the supermarket retail industry [2]. Furthermore, a research paper investigates the impact of e-commerce on the retail market, evaluating its effect on customer preferences and retail market development.

Despite the extensive research that has been conducted, there is still a considerable vacuum in the available literature about the impact of service quality and after-sales assistance on supermarket performance, particularly in the Chinese market. Such knowledge gaps are particularly visible in the instance of Pang Dong Lai Supermarket, which attributes much of its success to its customer-centric culture. However, existing research gives only a limited understanding of how service quality and customer satisfaction influence market positioning and the expansion of retail chains in regional marketplaces.

As a result, the purpose of this investigation is to delve deeper into the following questions by analyzing Pang Dong Lai Supermarket's service excellence and after-sales service strategies: How can Pang Dong Lai Supermarket expand its success into new markets? Based on the problems mentioned above, the structure of this thesis is as follows: Firstly, it briefly explains the fundamental information about Pang Dong Lai Supermarket and the source of its success; secondly, it analyzes in detail the reasons for Pang Dong Lai's success; and finally, it makes recommendations on how to help Pang Dong Lai succeed in expanding countrywide. Finally, an examination of the article's content is presented, along with its faults.

2. Case Description

Pang Dong Lai Supermarket, founded in 1995, is the second-largest retail business in Henan Province, with over 300 stores. Its primary business focuses on food, daily essentials, and items, which are mostly available to family consumers and community inhabitants. Pang Dong Lai is well-known for its distinctive business culture and service mentality. The key features are: Pang Dong Lai supermarkets are renowned for their "low price strategy." A variety of commodities: Pang Dong Lai stores sell a variety of commodities, including food, daily essentials, merchandise, and other items. Attentive service: Pang Dong Lai supermarket focuses on offering consumers a positive shopping experience, a friendly staff service attitude, home delivery, return and exchange of items, and other value-added services. Shop ranges are widely distributed: Pang Dong Lai Supermarket has a broad store network in Henan Province, spanning both urban and rural locations, making shopping convenient for locals. Pang Dong Lai Supermarket has built a distinctive corporate culture based on providing exceptional service and caring for its people, setting a successful model in China's retail industry. The company's business philosophy and strategy are also crucial for increasing customer happiness, developing a strong brand image, and ensuring long-term growth in a competitive market.

Since its inception, the number of Pang Dong Lai Supermarket locations has grown to more than 300, serving the entire province of Henan as well as some cities in bordering provinces. In addition, Pang Dong Lai Supermarket's sales have increased rapidly. According to data from China's retail industry, Pang Dong Lai's personnel and ping efficiency are the highest among China's private enterprises. Financially, Pang Dong Lai Commerce Group's entire sales in 2021 will be approximately \$7 billion, while the total sales of its Pang Dong Lai shops will be around \$3 billion, with 2.1 billion for Xu Chang stores and 1 billion for Xin Xiang.

With an increase in the number of shops and sales, Pang Dong Lai Supermarket's brand effect has gradually grown, and it is now one of the top choices for local residents to shop at. According to the data, Pang Dong Lai Trade Group presently has over 30 chain stores and 7,000 employees in Xu Chang, Xin Xiang, and other areas. This quick growth indicates its leading position in the competitive market. Meanwhile, the stores are spread over Henan Province's towns and rural areas, giving locals easy shopping options. In short, Pang Dong Lai Supermarket's sales have continuously increased year after year, indicating its strength and appeal in the competitive market.

3. Analysis on the Successful Reasons

3.1. Successful Reason on Excellent Customer Service

Pang Dong Lai Supermarket has been able to accomplish a certain level of success by placing a high priority on providing quality customer service. For example, supermarkets will provide temporary pet storage services and set up care stations for environmental workers. The supermarket's services are additionally exemplary, including clear labeling of the cheese's sweetness level, transparent labeling of the product's origin and import price, and a policy that allows customers to return products if they are not satisfied. In short, Pang Dong Lai's success is associated with its strong focus on customer service, particularly its relentless pursuit of personalized and comprehensive service. These details reflect the company's deep comprehension of and attention to consumer needs and the various ways in which it improves the quality of its services, such as the provision of free drinking water and other no-cost detailing services.

The advantages of this method have also been documented in the pertinent literature. Slack and Singh conducted an investigation, which revealed that a strong level of service quality restricts the extent to which customer contentment can improve, whereas higher levels of customer satisfaction boost customer loyalty accordingly [3]. Pang Dong Lai Supermarket's success can be attributed, in part, to the positive correlation between customer loyalty and store profitability. The higher the level of loyalty, the greater the profitability and success of the shop [3]. Kusumawati & Rahayu have found that the customer experience greatly impacts consumers' perceptions of value, satisfaction, and loyalty [4]. Consequently, the company's founders opted to reduce the size of their organization to guarantee service excellence and keep a steady corporate culture [4].

3.2. Successful Reason on Employee Care

Pang Dong Lai Supermarket has achieved a certain amount of success because it prioritizes the welfare and well-being of its staff. They pay 30% of their annual revenues to their employees and have a generous compensation system. Furthermore, a range of advantages are available, including a day off every Tuesday, up to 40 days of paid annual vacation, and even incentives for employees to travel large distances and exchange travel experiences.

Competitive salary schemes, prolonged vacation time, and professional development opportunities, among other employee benefits, are critical for attracting and retaining talent. Analysis has shown that good employee perks can improve a company's innovation performance [5]. Prioritizing employee perks can boost job happiness and loyalty, thus improving business performance and market competitiveness. Meanwhile, Li found that well-designed employee benefit packages improve employee work satisfaction and loyalty, which reduces employee turnover, increases productivity, and boosts firm competitiveness [6]. To summarize, the introduction of employee perks has a significant impact on a company's success. Employee happiness and loyalty can be boosted by implementing an effective employee benefits system, which will significantly impact the company's long-term profitability.

It is worth noting that the welfare system plays an important role in fostering innovation at Pang Dong Lai Supermarket. The provision of special benefits effectively stimulates employee creativity and involvement, hence improving the organization's total innovation capabilities. Employee rewards have a significant impact on manufacturing organizations' innovative performance, and Pang Dong Lai Supermarket uses this method to effectively inspire employees to actively participate in innovative activities. Offering additional bonuses can boost employees' inventiveness and engagement, making them more earnest and dedicated to their jobs. A welfare system may include possibilities for training and development, flexible work arrangements, reward and recognition

methods, and so on. These benefits can help employees improve their skills and knowledge, raise their self-esteem, and encourage them to generate new ideas and solutions at work.

3.3. Successful Reason on Brand Image of Trust

Pang Dong Lai Supermarket has achieved some success due to its positive brand image of trust. Trust is an important factor in the brand-customer connection. A brand that consistently provides high-quality products or services will earn a reputation for dependability and trustworthiness. This reputation is founded on the constant performance of promises, open and honest communication, and ethical procedures that result in a great customer experience. As a result, consumer happiness, repeat purchases, and favorable word-of-mouth referrals increase. The company's exceptional service earns consumer trust, resulting in a positive reputation and client loyalty. The company's business model prioritizes long-term gains over quick growth. Previous research has demonstrated that brand reputation and customer confidence are critical to a company's performance, with customer confidence also playing a significant role in strengthening brand loyalty and shaping customer perception.

Brand image of trust fosters favorable brand associations, which leads to increased consumer satisfaction and loyalty [7]. Thus, developing and maintaining a strong brand reputation is critical to enhancing consumer loyalty and retention. Customers who believe in a brand are more likely to stay loyal and continue to buy its products or services, resulting in favorable word-of-mouth referrals. Ramdani and colleagues defined business model innovation as the ongoing modification, adaptation, and refining of existing business models, as well as the discovery of alternative models through experimentation and innovation [8]. This sort of innovation requires changing one or more parts of a business model and their interconnections [8]. When organizations create trust by regularly delivering high-quality products or services, being transparent, and prioritizing customer happiness, they can encourage customers to openly communicate their views, opinions, and concerns [8]. Trust also lowers the risk of trying a new product or service since customers trust the brand to satisfy their expectations [8]. Even if the product or service does not entirely match their requirements, clients believe the brand will provide a satisfactory solution. Feedback innovation is critical [8].

4. Suggestions

4.1. Suggestion on Enhancing the Customer Experience

To begin, according to the first reason for customer service, online and mobile application services are trailing behind in terms of digital transformation in retail [9]. It is critical to monitor service strategy; therefore, based on the e-commerce circumstances, this paper recommends that Pang Dong Lai pay close attention to online services. In today's retail world, adopting a multichannel or omnichannel approach is critical for improving the customer experience. Digital transformation is seen as the primary accelerator for modern retailing, as it enhances both operational efficiency and customer experience [10]. To improve the customer experience, it is critical to develop more efficient online platforms for direct and individualized interactions with customers in the digital realm.

Furthermore, Pang Dong Lai must improve its data analytics and customer insight capabilities. Pang Dong Lai can obtain a better knowledge of its consumers' wants and behaviors by using excellent data analytics to create more market-oriented products and services. Pang Dong Lai can give a more personalized shopping experience as well as targeted marketing by evaluating client data. The use of advanced data analytics tools and methodologies can help improve decision-making processes and marketing tactics. In addition, adjusting to the new mathematical environment may necessitate changes in corporate culture and staff capabilities. Pang Dong Lai may face financial and timing constraints while investing in new technologies and platforms.

There is also a demand for increased service innovation. Service innovation and the use of new technologies are essential for improving the customer experience and increasing service efficiency. By implementing self-checkout systems, mobile payments, and personalized recommendation algorithms, Pang Dong Lai can improve service while also providing customers with a more personalized shopping experience. Bellini et al.'s book offers empirical insights on how to gain and maintain a competitive advantage through radical, meaningful innovation [11]. Meaningful innovation is viewed as an important tool that retail firms can use to gain and maintain a competitive advantage, and the paper emphasizes the importance of taking into account new meanings in addition to the shopping experience, as well as novelties replicated outside of the supermarket, when designing service innovations for retail firms [11].

4.2. Suggestion on the Importance of Talent Development

According to the second reason, Pang Dong Lai's success cannot be achieved without its employees' passionate dedication and hard work, so the company should prioritize talent development and retention. The corporation may ensure that employees' salaries are competitive by providing good compensation and perks, like health insurance, paid holidays, and a year-end bonus. More personalized career development plans can be created based on an employee's interests, abilities, and potential. Furthermore, equity incentive plans should be considered to allow employees to participate in the company's growth and success. Armstrong and Baron published a thorough handbook on human resource management methods, covering talent development and retention [12].

A good working environment and culture can also be built to foster a positive and harmonious work environment while encouraging employee cooperation and communication. At the same time, it focuses on employees' work-life balance and offers flexible working arrangements as well as employee care activities to help them feel more connected and satisfied. Ulrich and colleagues investigated the concept of leadership branding and offered strategies for creating and maintaining a positive work environment that attracts and retains top people [13].

Furthermore, the organization should encourage its staff to continue learning and growing while providing them with the appropriate assistance and tools. Continuous attention to market dynamics is also required, and Pang Dong Lai Company is expected to monitor industry development trends in order to modify its strategy and business model in a timely fashion. For example, the organization can monitor competition dynamics, developing market opportunities, and policy and regulatory changes to make timely answers and modifications.

4.3. Suggestion on Enhancing Brand Image of Trust

For the third reason, Pang Dong Lai Supermarket needs to strengthen and sustain its brand image. To begin, design a unique brand positioning plan by determining Pang Dong Lai Supermarket's primary competitive advantages and target market. Differentiating from competitors creates a distinct brand image. Keller once talked about a new model of strategic brand management that offers insights and reflections on brand image creation and enhancement [14].

Following that, Pang Dong Lai Supermarket should deliver exceptional product and service quality to ensure that the supermarket meets, if not exceeds, the expectations of its customers. Then it is required to improve brand communication and publicity, which can be accomplished through a range of channels such as advertising, promotional activities, social media, and so on. Kapferer described the methods of strategic brand management and brand value assessment, which are significant benchmarks for developing brand image [15].

Increase brand image and recognition with focused promotional efforts. It is also vital to prioritize social responsibility, actively participate in public welfare initiatives, and address environmental and

social concerns. This sense of social responsibility not only improves the brand's image but also earns the appreciation and support of society.

5. Conclusion

In conclusion, this paper begins with a thorough assessment of Pang Dong Lai's service quality and business approach. The investigation reveals that Pang Dong Lai's success is mostly due to its outstanding service quality, a thorough grasp of client wants, and a core business plan that favors long-term rewards over quick expansion. They have improved customer loyalty and brand image by emphasizing staff benefits and implementing successful customer relationship management tactics. These activities not only help to attract new clients but also keep existing ones and drive them to become brand loyalists.

Pang Dong Lai has met a number of hurdles in its pursuit of rapid development, including inadequacies in the employee welfare system, difficulty in expanding to large cities, and challenges in adopting digital transformation. Finally, in connection with the literature review, some recommendations for the development of Pang Dong Lai to address the aforementioned issues are presented. This study paper presents empirical data to enhance understanding of the major success factors for service merchants and to provide help in developing and implementing retail business strategies. The report underlines the importance of customer service and staff satisfaction in achieving economic success, particularly for stores that want to survive in a competitive market. Retailers may differentiate themselves in the marketplace and achieve long-term success by concentrating on consumer demands, increasing employee satisfaction, and cultivating a positive brand image.

Finally, the article discusses Pang Dong Lai Supermarket's expansion and sales growth but does not investigate the impact of market dynamics on its business development. Furthermore, as e-commerce and smart technologies advance, the supermarket industry faces the challenges of digital transformation. Future research could look into how changes in the market (e.g., new competitors, shifts in consumer demand, etc.) impact the supermarket's strategy and performance. The future analysis can delve deeper into how these technologies influence the supermarket's business model and consumer behavior, as well as how the supermarket can use these technologies to improve efficiency and customer happiness.

References

- [1] Goi, M., Levenier, C., & Montoya, R. (2021). Drivers of customer satisfaction in the grocery retail industry: a longitudinal analysis across store formats. *Journal of Retailing and Consumer Services*, 60(3–4), 102505.
- [2] Nettet, E., Bergem, O., Nervik, B., Srlie, E.S., & Helgesen, Y. (2021). Building chain loyalty in grocery retailing by means of loyalty programs – a study of 'the norwegian case'. *Journal of Retailing and Consumer Services*, 60(4), 102450.
- [3] Slack, N.J., & Singh, G. (2020). "The effect of service quality on customer satisfaction and loyalty and the mediating role of customer satisfaction: Supermarkets in Fiji". *The TQM Journal*, 32(3), 543-558.
- [4] Kusumawati, A., & Rahayu, K.S. (2020). "The effect of experience quality on customer perceived value and customer satisfaction and its impact on customer loyalty". *The TQM Journal*, 32(6), 1525-1540.
- [5] Wei, Y., Nan, H., & Wei, G. (2020). The impact of employee welfare on innovation performance: evidence from china's manufacturing corporations. *International Journal of Production Economics*, 228, 107753.
- [6] Li, X. (2023, January 1). Employee Benefits and its Impacts on Business Performance-A Systematic Review. *SHS Web of Conferences*.
- [7] Gogoi, B.J. (2021). Customer trust influencing customer perceived value and brand loyalty. *Academy of Marketing Studies Journal*, 25(5), 1-11.
- [8] Ramdani, B., Binsaij, A., & Boukrami, E. (2019). Business model innovation: a review and analyze agenda. *New England Journal of Entrepreneurship*, 22(2), 89-108.
- [9] Sivarajah, U., Kamal, M. M., Irani, Z., & Weerakkody, V. (2017). "Critical analysis of Big Data challenges and analytical methods". *Journal of Business analyze*, 70, 263-286.

- [10] Zhang, C., & Tan, T. (2020). *The impact of big data analysis on consumer behavior*. *Journal of Physics Conference Series*, 1544, 012165.
- [11] Bellini, E., Dell'Era, C., Frattini, F., & Verganti, R. (2017). *Design-driven innovation in retailing: an empirical examination of new services in car dealership*. *Creativity & Innovation Management*, 26(1), 91-107.
- [12] Armstrong, M., & Taylor, S. (2014). *Armstrong's Handbook of Human Resource Management Practice*. Kogan Page.
- [13] Ulrich, D., Younger, J., & Brockbank, W. (2012). *HR from the Outside In*. McGraw-Hill Professional.
- [14] Keller, K. L. (2004). *Strategic brand management: building, measuring, and managing brand equity*.
- [15] Kapferer, J.N.(2012). *The new strategic brand management : Advanced insights and strategic concluding*. Kogan Page Publishers.