

Research on the Marketing and Customer Satisfaction Strategies of Pangdonglai Group

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Abstract. This paper takes Pangdonglai, a regional retail enterprise in China, as a case study to explore the key factors behind its success in a highly competitive market. As China's retail sector experiences rapid growth and evolving consumer demands, Pangdonglai has established strong customer loyalty and regional influence via precise market positioning, a distinctive corporate culture, and flexible marketing strategies. Utilizing qualitative research methods such as case studies and interviews, this study analyzes how Pangdonglai applies classical retail theories, including the 4P Theory, the Wheel of Retailing, and the Retail Life Cycle Theory, in its product strategies, pricing mechanisms, channel distribution, and brand promotion. Furthermore, it investigates the Company's strategic approaches in management innovation, digital transformation, supply chain efficiency, and cultural development. The results suggest that that Pangdonglai's success is rooted in a customer-first strategy, strong local adaptation, and ongoing innovation. Moreover, the paper proposes strategies for future development, such as advancing omnichannel integration, strengthening the membership system, leveraging predictive analytics, and enhancing service capabilities, to offer insights into the sustainable growth of China's retail sector.

Keywords: Pangdonglai, Retail Industry, Success Factors, Development Strategies

1. Introduction

Pangdonglai, as a regional retail enterprise in China, has successfully carved out a niche in this fiercely competitive market. Behind its remarkable success, there is no doubt that the leadership's investigation and in-depth analysis of China's national conditions and market played a crucial role: With the rapid development of China's economy and the continuous improvement of the national consumption level, the retail market has witnessed an unprecedented peak and opportunity for development. As a vital sector of the national economy, the retail industry drives economic growth, generates employment, and satisfies consumer needs. Pangdonglai's success serves as a benchmark for China's retail sector, establishing a strong foundation for future development. This paper seeks to analyze the key factors behind Pangdonglai's achievements and its growth strategies, offering valuable insights for other retail enterprises. In the current retail industry, digital transformation and the integration of online and offline channels have become research hotspots, with numerous studies focusing on transformation strategies for traditional retail under e-commerce impact and approaches to improve service quality. However, in-depth research on culture-driven development models and

the construction of differentiated competitive advantages in regionally distinctive retail enterprises remains limited. As a leading regional retailer, Pangdonglai has achieved impressive success and influence, with its underlying operational mechanisms and culture-driven strategies warranting further studies [1]. The paper explores the reasons behind Pangdonglai's outstanding performance in a competitive market by examining its operational model, marketing strategies, and cultural development. Through qualitative research methods such as case studies and interviews, it seeks to uncover its success secrets, providing practical insights for retail enterprises. The findings may help the industry innovate and break through in complex market environments, ultimately promoting the sustainable development of the retail sector.

2. Theoretical foundations of Pangdonglai's marketing and customer strategies

2.1. Challenges and trends in the modern retail environment

The modern retail industry is undergoing profound changes driven by technological advancements, evolving consumer behaviors, and shifting competitive dynamics. Rapid developments in digital technology, including mobile internet, social media, and big data analytics, have greatly reshaped consumers' shopping habits and decision-making processes. Besides, demographic shifts, lifestyle changes, and increasingly diverse consumer preferences have driven demand for more personalized and varied retail experiences. In this environment, retailers must balance the challenges of tighter consumer budgets with rising expectations for quality, affordability, and convenience. To remain competitive, retailers must adopt a strategic approach that precisely targets customer segments and balances pricing with value perception. Moreover, the integration of online and offline channels has become a critical trend, as consumers expect seamless omnichannel shopping experiences. This shift compels retailers to innovate their operational models by combining physical stores with e-commerce platforms, leveraging data-driven marketing, and enhancing personalized services. Retailers who successfully integrate these elements can improve customer engagement, increase loyalty, and strengthen their market position. As the retail environment continues to evolve under the influence of global regulations and technological progress, businesses must remain agile and continuously innovate to capitalize on emerging opportunities and address ongoing challenges.

2.2. Classical retail theories in Pangdonglai's practice

Pangdonglai's retail strategies demonstrate a sophisticated application of classical retail theories, particularly the 4P theory. The company's product strategy is deeply rooted in quality control and market responsiveness. It not only ensures that products meet high-quality standards but also focuses on adapting its product structure to cater to the increasingly diversified needs of local consumers. For instance, the emphasis on fresh produce, known for its variety and high quality, aligns with consumer demand for fresh and diverse products. In terms of pricing, Pangdonglai does not merely compete on low prices but applies a more nuanced strategy that takes into account cost-effectiveness and customer psychology. Its pricing decisions are designed to provide consumers with a sense of value for money, making it competitive without undermining product quality [2-4]. The place element of the 4P theory sees Pangdonglai strategically placing its outlets in key regional markets, such as Xuchang and Xinxiang, which allows the company to establish a strong foothold in areas with high customer density. The development of both large comprehensive supermarkets and boutique stores demonstrates the company's ability to offer diverse shopping experiences, from large-scale retail spaces to more personalized, high-end options. Lastly, Pangdonglai's promotion

strategies integrate the company's brand culture, focused on “freedom and love”, into promotional activities, going beyond simple price reductions. The company employs a mix of thematic promotions that resonate with family values, further enhancing customer loyalty and engagement. These campaigns foster a deeper connection with consumers by integrating emotional appeals, ensuring that promotional efforts are not just transactional but build long-term brand attachment. By embedding these principles into its daily operations, Pangdonglai effectively demonstrates how the 4P theory can be employed to align with both consumer preferences and market dynamics, ensuring sustained competitiveness and customer retention.

2.3. Integration of retail evolution theories: retail wheel and life cycle

The Retail Wheel Theory and Retail Life Cycle Theory offer valuable insights into the evolution of retail businesses. The Retail Wheel Theory suggests that retail formats initially enter the market with low prices and minimal services, gradually increasing both service levels and prices over time. Pangdonglai's journey began with price competition and later expanded into higher-value services such as maternity rooms and personalized shopping assistance. And this shift from low-cost to service-focused retailing exemplifies the Retail Wheel Theory, showing how retailers evolve to maintain long-term competitiveness. As shown in Figure 1, the progression of retail formats from low-service to high-service models is clearly depicted, illustrating the typical life cycle of a retail business [5-7]. The Retail Life Cycle Theory further complements this by identifying the stages a retail business goes through: introduction, growth, maturity, and decline. Pangdonglai, which has reached the maturity stage in markets such as Xuchang and Xinxiang, has successfully extended its maturity phase via continuous innovation, offering customized services and cultural experiences. Through this strategic adaptation, Pangdonglai has successfully averted the common decline experienced in the maturity stage, effectively demonstrating the Retail Life Cycle Theory in action. By integrating these theories, Pangdonglai has been able to extend its lifecycle and remain competitive. The company's capacity for innovation and adaptation, as reflected in the Retail Wheel and Life Cycle theories, positions it strongly for sustained success in a changing market.

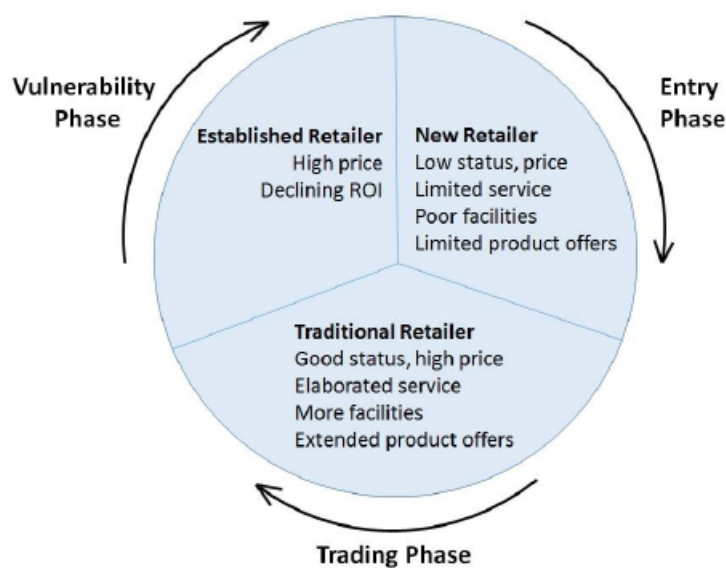


Figure 1. The wheel of retailing [7]

3. The path of managerial innovation in Pangdonglai

3.1. Strategic value creation and product innovation

In its early stages, Pangdonglai's product selection strategy faced setbacks due to overly aggressive pursuit of profit margins, which led to risky sourcing decisions and financial losses [2]. Despite this, the company maintained a strong focus on product quality and gradually improved its selection standards, earning consumer trust and shaping a positive brand image. Over time, Pangdonglai transitioned to a more strategic, value-driven approach to product management. By closely tracking market trends and consumer preferences, it regularly optimizes its product mix, thus eliminating low-performing SKUs and introducing high-quality, high-margin items that align with evolving demand. This ensures both operational efficiency and customer satisfaction. To meet the diverse needs of different consumer segments, Pangdonglai offers a wide range of products, from affordable essentials to premium items. It leverages product diversity not only to broaden its appeal but also to differentiate itself from competitors. Besides, the company collaborates with suppliers to develop exclusive or customized goods, further enhancing its market competitiveness and customer loyalty. Through continuous refinement of its product strategy and a deep understanding of consumer needs, Pangdonglai creates sustained value in a dynamic retail environment.

3.2. Value management and profit model optimization

Even with superior product quality and variety, without an effective pricing strategy, customer loyalty is hard to achieve. In its early stages, Pangdonglai relied on aggressive low-price strategies to attract customers, sometimes at the expense of quality. While this approach reflected consumer price sensitivity at the time, it also laid the foundation for the company's initial customer base. As the market matured, Pangdonglai gradually refined its pricing model to strike a better balance between cost, value, and service [3,4]. Rather than pursuing low prices indiscriminately, the company adopted a more strategic pricing framework, considering product costs, consumer expectations, and competitor benchmarks. This approach enabled it to offer strong value without undermining quality or profitability. Pangdonglai also innovated its profit model by emphasizing long-term customer value over short-term margins. It minimized unnecessary intermediary costs, optimized supplier relationships, and reinvested savings into customer-facing services like store experience, after-sales support, and employee training. These actions enhanced perceived value and built lasting customer trust. Through disciplined cost control, rational pricing, and customer-oriented value creation, Pangdonglai has developed a resilient profit model that supports both sustainable growth and an elevated customer experience.

3.3. Operational efficiency enhancement and channel optimization

To enhance operational efficiency, Pangdonglai has systematically integrated its sales channels and optimized supply chain workflows. Beyond its robust presence in physical retail, the company actively embraces multi-channel development by integrating online platforms such as e-commerce stores, mobile applications, and community group-buying systems. This multi-pronged approach not only expands consumer reach but also enhances purchasing convenience and responsiveness to market shifts. On the logistics front, Pangdonglai has invested heavily in the construction of a vertically integrated production and distribution base. This facility enables centralized warehousing, streamlined inventory management, and faster turnaround times, significantly improving delivery

efficiency and reducing operational costs. The adoption of digital supply chain systems, such as automated inventory tracking and demand forecasting, further enhances precision in procurement and replenishment decisions. Through ongoing refinement of its channel mix and supply chain, Pangdonglai has built a flexible and resilient operational system. This efficiency not only supports stable product availability and timely service delivery but also underpins the firm's ability to adapt to market volatility and consumer behavior shifts with minimal disruption.

3.4. Organizational management and brand culture construction

By weaving the values of “freedom” and “love” into its organizational structure and brand narrative, Pangdonglai has made cultural identity a cornerstone of its long-term competitiveness. Instead of relying solely on price-driven promotions, Pangdonglai integrates cultural themes into its marketing campaigns. For instance, hosting “Care for Family” festivals where store atmosphere and staff engagement are thoughtfully crafted to evoke warmth and emotional connection. These initiatives elevate the shopping experience and deepen emotional bonds with customers. On the management side, Pangdonglai adopts a “constraint-empowerment-co-creation” model that supports the cultural implementation across operations. Employees are empowered to make flexible decisions based on real-time customer feedback, and the internalized values of freedom and love motivate staff to deliver high-quality, emotionally engaging services. Each promotional campaign serves as a vehicle for cultural storytelling, reinforced via slogans like “Love at Pangdonglai” and socially responsible themes, such as environmental protection, disseminated across in-store and digital channels. This integration of brand culture into every aspect of operations not only boosts employee morale and customer loyalty but also reinforces Pangdonglai's reputation and sustainable competitive edge.

4. Evolution and future path of Pangdonglai's retail strategies

4.1. Key success factors in Pangdonglai's retail evolution

Pangdonglai's enduring success is rooted in its continuous adaptation to evolving market dynamics, achieved through strategic market positioning, innovative service delivery, and effective channel optimization. In particular, the Company's phased retail format upgrades, dynamically aligned with evolving consumer behaviors, exemplify a practical use of the Retail Wheel Theory. By balancing affordable product offerings with the introduction of premium services, Pangdonglai effectively mitigates market disruption while catering to diverse customer segments. Besides, Pangdonglai's strategic focus on localized service delivery, reflected in region-specific product assortments and community-centric store designs, ensures strong cultural relevance and customer resonance across its markets. In addition, the Company boosts customer loyalty by providing personalized shopping experiences, leveraging membership data analytics and efficient complaint resolution systems. This customer-centric approach aligns with academic insights emphasizing the value of customized interactions for driving satisfaction and retention. Together, through strategic market positioning, innovative service delivery, and effective channel optimization, Pangdonglai continuously adapts throughout its retail lifecycle, ensuring competitive advantage and sustainable growth.

4.2. Strategic recommendations for sustainable growth

To ensure sustainable growth, Pangdonglai should focus on integrating advanced technologies with customer-centric strategies. A key recommendation is to integrate omnichannel capabilities by unifying inventory and customer data across physical and digital channels, enabling real-time stock

updates and personalized promotions to enhance the shopping experience. To strengthen customer relationships, Pangdonglai should develop a tiered membership system that encourages engagement by offering tailored benefits, like personalized services and early sale access for premium members. This strategy deepens customer loyalty and fosters stronger connections by engaging members through exclusive feedback and co-creation platforms, turning them into active brand ambassadors and enhancing the Company's market position. Besides, predictive analytics can optimize inventory and demand forecasting. And Pangdonglai can optimize inventory by forecasting seasonal demand via regional purchasing patterns and demographic changes like stocking more in aging communities ahead of the Mid-Autumn Festival, to better meet local needs. Operationally, enhancing employee training focused on emotional intelligence and cultural awareness is essential to meet the diverse demands of customers in multicultural urban settings and maintain a competitive edge. Moreover, by leveraging AI-powered complaint management to route complex cases to specialized teams for faster resolution, Pangdonglai can enhance customer service efficiency. Simultaneously, to sustain competitive pricing and service quality, the company should adopt cost-control strategies such as centralized procurement to lower supplier costs and optimized logistics, aligned with the Retail Wheel Theory [5]. Phasing in these operational improvements will help enhance services with minimal disruption. For instance, testing omnichannel features in flagship stores before wider rollout, and phasing membership upgrades and employee training starting with key personnel. This measured strategy will help Pangdonglai address immediate challenges while fostering sustainable growth, blending technological innovation with its customer-focused service model.

5. Conclusion

The paper shows that Pangdonglai's success in China's competitive retail market is driven by its deep understanding of national conditions, strategic application of classical retail theories, and a strong culture-driven management approach. Through ongoing innovation in its products, pricing approaches, service execution, and seamless channel integration, the Company has successfully adapted to market shifts and prolonged its lifecycle. By embedding the core values of freedom and love into its organizational culture and promotional activities, Pangdonglai sets itself apart, resulting in increased employee engagement and stronger customer loyalty. Looking ahead, the integration of advanced technologies such as omnichannel systems, predictive analytics, and AI-powered service tools, combined with phased operational improvements, will be critical for sustaining Pangdonglai's competitive advantage and enabling long-term growth. This paper could provide regional retailers with important guidance as they seek to navigate the challenges of balancing innovation, cultural identity, and customer-centricity in a fast-evolving retail market.

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