

Case Study Based on Pang Donglai Trading Group

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Abstract: Pang donglai Business Group is a regional retail enterprise. The main purpose of this article is to analyze the situation of the Pang donglai Business Group in the local market, find the main reasons why the group cannot expand, analyze the group's disadvantages and provide solutions. Propose specific strategic management strategies for the development of the group to help the group achieve better development, and also provide solutions and reference examples for local enterprises that encounter similar situations or have corresponding problems. By researching and comparing the strategies of other retail companies, and analyzing Pang donglai's corporate values, the authors point out that regional retail enterprises need to have clear goals and positioning to target corresponding customer groups in the current market environment to compete with foreign and large domestic chain retail groups. Combined with the local business environment, strengthen trade relations with farmers, abandon customer groups in first-tier cities, and develop markets in rural areas.

Keywords: China, supermarket, development strategy

1. Introduction

After the reform and opening up, there were a large number of vacancies in the Chinese market, which made a large number of foreign-funded retail enterprises enter the market. In the case of advanced management technology and supply chains, foreign-funded enterprises have achieved a certain degree of development. Compare with the foreign retail industry, the development speed of the local retail industry is relatively slow and the performance is not good, until the popularity of the Internet era, the retail industry has gained new development opportunities. The fluctuations in the development of China's retail industry show that there is a big gap between China's retail industry and the foreign retail industry in development. China's retail industry should pay attention to its shortcomings. Actively carry out improvement, combine the actual situation of the local market and learn from the management experience of foreign investment, and find a development strategy suitable for local enterprises. It is very necessary to analyze from the perspective of enterprise operation, explore the principle of market development, find the development strategy suitable for itself, and improve its overall competitiveness through the implementation of various development strategies [1].

Pangdonglai Trade Group Co., Ltd., one of the members of Henan Province Sifang Liancai, a well-known commercial retail enterprise giant in Henan business circle, headquartered in Xuchang City, was founded in March 1995. It covers professional department stores, electrical appliances, and supermarkets. its Department Store has more than 30 chain stores and more than 7,000 employees in Xuchang City, Xinxiang City, and other cities. In Xuchang City, this company monopolizes the retail

format and has an overall circulation share of more than 80%, in Xuchang city. Make it difficult for Carrefour, Wal-Mart, Dennis and SuNing to enter the market in the course of Pang donglai's business, the main goal is to help people provide daily necessities, and the Group's market positioning focuses on the daily needs of middle-income families, and meets the needs of middle- and high-income families to improve their quality of life through appropriate guidance to consumers. On the basis of this market positioning, pang donglai Commodity Group has established a development strategy of stabilizing mainstream consumer groups and driving surrounding consumer groups with radiation.

This paper conducts research and analysis on Pang donglai's development strategy and shortcomings, it is one of the most reputable enterprises in China's local retail industry, looks for the problems encountered by the company during the development process and proposes solutions. This can help local companies find the general development strategy and the problems that need to be solved.

Taking the corporate culture construction of Henan Pang donglai Trading Group as an example, this paper systematically analyzes the dynamic change process of corporate culture in the development process of enterprises and puts forward the concepts and methods of reshaping corporate culture according to the different characteristics of each stage of the enterprise life cycle [2]. According to the theoretical framework of business model innovation of Chinese retail enterprises, Pang donglai Trading Group is used as the case study object, and the normative case study method is adopted. The business model innovation elements and innovation paths of department stores in China are explored, and the theory of business model innovation paths of Chinese retail enterprises is further improved [3].

2. Analysis of Advantage and Disadvantages

2.1. Strength of the Company

The success of Pang donglai lies in its perfect combination of business rationality and organizational humanity

In terms of treating customers, Pang donglai staff has a humanized service attitude and corresponding supporting facilities. Outside the mall will be equipped with a canopy for bicycles and electric vehicles, and will also be equipped with a special area for customers to store pets, in the interior of the mall, aspect, refined service, each escalator entrance has waiter assistance, which will improve the convenience of customers to find goods, customer satisfaction is a direct determining factor in customer loyalty, which, in turn, is a central determinant of customer retention [4]. That is the reason pang donglai can have inelastic demand in a large number of customer groups.

Pang donglai does not advocate overtime and requires all work to be done during working hours. During the selling process, Pang donglai will put the selling price of the clothes sold and the cost of the goods purchased and show it to the customer, who can know all the basic information of the product price and reliability are the key factors that create a favorable environment for service quality in supermarkets [5]. pang donglai has succeeded in achieving high customer satisfaction in several aspects, which is the main reason why pang donglai can have strong customer stickiness within a certain range and a good reputation nationwide.

Moreover, Pang donglai also requires employees to have a clear career and life plan, to ensure that all employees can play their ability and value in the work, and enjoy the joy of life. This management model greatly stimulates the enthusiasm of employees and also helps Pang donglai win the respect of customers and employees.

The working standards of Pang donglai are divided into business standards and management standards, and management standards are subordinate to commodity standards, environmental standards, and service standards. At the same time, it uses this standardized thinking outside of

business. It believes that companies should pursue working standards on the one hand and living standards on the other. This allows employees to achieve work-life balance, and in the recruitment process, Pang donglai takes "personal values" as the primary selection criterion and only candidates with clear values and values that match the values of Pang donglai can enter the next screening process. Also, the training session also has both standardized and personalized characteristics, highlighting the employees' sensitivity to the corporate culture. This is a standard that many domestic enterprises have not been able to meet at this stage. This approach has helped Pang donglai win customer satisfaction and increase employee motivation [6].

2.2. Weakness of Pangdonglai

Although Pang donglai has been operating in Henan Province for 28 years, Pang donglai has not been able to expand its operations to other provinces like other large supermarket chains. The number of supermarkets in Pang donglai has continued to decline for some time. The author will list and analyze some of the problems that exist in Pang donglai at this stage.

2.2.1. Impact of Online Shopping

The first problem is the impact of online shopping and e-commerce on physical stores. Pang donglai's problem is that it does not keep up with the consumption habits of citizens in their daily lives, Pang donglai's online shopping website began to operate on October 28, 2022, compared to other competitors. However, Alibaba's new concept supermarket: Freshippo was founded in 2015. moreover, compared with traditional types of supermarkets such as Walmart's supermarket Sam's Club also launched an online shopping function in June 2022. It is clear that Pang donglai's competitors have occupied most of the online shopping market and also have a certain customer stickiness, which makes Pang donglai's e-commerce operation environment difficult. Online shopping and physical stores reinforce each other, and online search has a positive impact on both online and in-store shopping. These results suggest that e-shopping as an information channel facilitates in-store shopping. Pang donglai's slow response to the launch of an online shopping system and website caused Pang donglai to lose some potential customers [7].

2.2.2. The Goal is not Clear

The next problem is that Pang donglai is not clear about its competitive advantages and positioning. And the authors study other supermarket chains operating in the Chinese mainland range, comparing the business goals of other supermarkets with those of customers.

The first supermarket is Walmart's Sam's Club, which is dedicated to creating a high-quality lifestyle for members through differentiated products, unique shopping experiences, and membership benefits. "Selection" is the core of the differentiated commodity strategy, with strong global procurement resources and a single-product-driven strategy, Sam's provides high-quality goods and breakthrough price advantages, saving members the process of repeated selection and price comparison, saving time and energy. Sam also continues to dig deep into the value of membership, make precise segmentation, and launch two membership systems, individual membership, and excellent membership. moreover, Sam has created an omnichannel shopping method. A fun offline shopping experience is an important reason why members keep coming to our stores. All Sam's stores are equipped with interactive experience areas such as Sam's Kitchen, Sam's Cloud Home, and Health Management Center, and it is clear that Sam's Club has a clear understanding of target customers and goals, which has helped Sam, s Club have 36 stores.

The second supermarket is Freshippo, a subsidiary of Alibaba, and as the "first sample" of Alibaba's development of "new retail", Freshippo Fresh has clarified its positioning and development

model since its establishment, focusing on the layout of the fresh food market and creating a new retail format through a combination of online and offline. Freshippo has successfully entered the first echelon of the fresh e-commerce industry, and its unique development model has also become a benchmark in the "new retail" industry. Compared with the traditional retail industry, the main reason why Freshippo can be successful is that the technology-enabled operation model has innate advantages. Freshippo defines itself as a new retail platform driven by data and technology, relying on the Ali platform. Freshippo has innate advantages in the research and development and application of new technologies such as big data and artificial intelligence, and the development and application of intelligent operating systems, intelligent checkout systems, automated distribution systems, etc. can improve the customer experience while improving store operation efficiency and reducing costs. Improve customer retention. In these two cases, one of the two enterprises is a retail supermarket dominated by a foreign company, and the other is a retail supermarket created by a local private company. In contrast, Pang donglai does not have a clear concept of the customer base targeted by Pang donglai. Moreover, although the company has its own unique advantages, it has not been able to expand further.

2.2.3. Oligopoly Competition

In Henan Province, in addition to quadripartite groups including Pang donglai, there are also large enterprises such as Vanguard and Walmart that have influence and branches nationwide. This oligopoly of supermarket chains, each of which operates a large number of large stores, dominates small businesses on the fringes, and each small business runs a number of small shops. The size of the stores operated by oligopoly chains expands as the market expands. Oligopoly chains do not carve out their own turf but choose to compete head-on with competitors and choose store size as a strategic supplement. No other theory seems to be able to explain these facts [8]. This also makes the competition form of Pang donglai not optimistic, although Pang donglai has advantages in service quality, compared with these supermarkets. Pang donglai's management structure is more fragile. Because the front-line employees recruited by Pang donglai are all from the brand's own hiring and investigation, their education level and professional quality are also different. This makes it difficult for Pang donglai to cultivate management talents in a short period of time. Moreover, it is difficult for pang donglai to instill the corporate culture and operational concept into them in a short period of time, and these employees cannot achieve consistent guidelines for their service attitude towards customers.

2.2.4. High Training Cost and Period in Its Way of Training

In terms of service, the professionalism of Pang donglai's employees and the culture of the company have helped the company to gain a lot of praise and increase customer stickiness. But this has become an important factor in Pang donglai's difficulty in expanding, compared to other supermarkets, Pang donglai needs to spend more time and cost to train a quality employee. Furthermore, despite the excellent quality of service at the grassroots level. However, the fault line in the management has further compressed the development of Pang donglai, and the problems that local retail enterprises are prone to in operation and management include low education level of employees, lack of high-quality management team, emphasis on profit over management, etc., and the most important point is that many retailers do not realize the importance of operation and management, and only regard it as simple personnel management, lacking long-term vision [3]. Only high-quality services are not helpful to the enterprises further open up the market.

2.2.5. Lack of Famous Brands

Although Pang donglai has excellent service quality, it is not enough to help Pang donglai gain more market share, because the homogenization of goods is a big disadvantage for local enterprises. While entering the local retail market, foreign-funded enterprises will also help the company's brand to enter the market and promote, which can attract customers while reducing costs and increasing profits, because independent brands already have a stable supply chain. Especially in the case of online shopping becoming more and more convenient and people relying on it, the disadvantages of homogenization of goods are becoming more and more obvious. When browsing shopping platforms, shoppers can compare different companies and platforms to choose.

3. Solution

3.1. Capital Investment

Capital investment can help Pang donglai scale the market and securing funding to implement the new strategy is a very important part. From the perspective of Pang donglai, it can implement strategic changes and can obtain new financial support from several aspects. The final sentence of a caption must end with a period.

3.1.1. Shareholder Investment

As a trading group, can submit an application for the shareholders of the company to invest, demonstrate the advantages of the newly developed strategy and estimate its feasibility, and write a report. It is believed that in this context of having to do so, its shareholders will not abandon Pang donglai and will mostly continue to invest.

3.1.2. Bank Financing

Pang donglai Trading Group can also apply for loans from banks and use financing to raise funds needed for new strategies. And in the current economic situation in China, bank financing is a way to try, because interest rates have been significantly lower than before the epidemic, and banks also need companies to borrow money to promote circulation.

3.2. Agricultural Super Docking Supply Chain

It means that farmers directly send the agricultural and sideline products they produce to retail enterprises for sale, that is, farmers and supermarkets directly trade agricultural and sideline products point-to-point." On the one hand, it reduces the quality and safety, on the other hand, it improves the circulation efficiency of agricultural products; On the other hand, it also enables farmers to enjoy the huge economic benefits brought by this circulation method [9]. The authors believe that this model can be implemented in Pang Donglai for several reasons.

First of all, in terms of geographical location, the supermarkets of Pang Donglai Group are in Henan Province, Henan Province is a very important province in China's agriculture According to statistics, the national grain output in 2021 is 682.85 million tons, Henan grain output is 65.4419 million tons, Henan grain output accounts for about 1/10 of the national grain output. In the operation of this model, the main role is: Farmers can get a stable supply channel, can get a relative advantage and stable income, Supermarkets can help farmers to provide standardized and systematic order and transportation processing, mainly for both parties have significant benefits, reduce the cost of purchase and centralized transportation thereby reducing transportation costs and expenses, which can help Pang donglai increase sales profits and control additional cost consumption.

3.3. Give Up First-Tier Cities and Focus on Second and Third Cities

From the geographical analysis, all of Pang donglai's stores are located in second-and third-tier cities, such as Xuchang, Xinxiang, etc., compared to other large supermarket chains, Pang donglai's so far is different, and even in the capital of Henan Province, there is no Pang donglai supermarket, the author believes that this is an advantage that can make Pang donglai expand, that is, focus on the second and third-tier cities in the future. Completely abandon first-tier cities and new first-tier cities,

The first point: even with capital intervention, it is difficult for Pang Donglai to compete with other supermarkets, because other supermarkets already have a certain number of customers.

The second point: Pang donglai's staff training cycle is very time-consuming and expensive compared to other supermarkets, both of which make operating costs very expensive, especially in first-tier cities.

The third point: the agricultural super docking supply chain mentioned by the author before will be better effective in second-and third-tier cities

The fourth point: Pang donglai's customer audience will be cheaper than other supermarkets, and it will be better in terms of cost performance, so the audience area in the second and third lines will be broader

The fifth point: In most second-and third-tier cities, the location of supermarkets is occupied by local enterprises, and compared with foreign-funded enterprises in first-tier cities or large domestic companies, the market in second-and third-tier cities will be relatively easy to enter.

3.4. Expand the E-commerce Market

Online marketplaces differ from offline stores in that the characteristics of electronic suppliers also influence consumer decisions. Electronic suppliers strive to meet buyers' needs by providing valid information such as credit ratings, customer reviews, and sales volume history. Consumers list these electronics supplier characteristics as very important factors. Consumers who value the credibility of their electronics suppliers as a top priority are less likely to buy fresh food online on a regular basis. This type of information does not apply to offline stores; Although offline stores and product reputation are determined by word of mouth, this information is not as easy to gather as online stores and products, nor is it presented as clearly as online stores and products [10]. The advantage of pang donglai is that it has an excellent reputation, in the market outside Henan Province, there are still many potential customers, which is the integrity accumulated by pang donglai, pang donglai can properly use the reputation of offline stores to promote the online market, and through operation, pang donglai has a certain number of customers can support purchasing power.

4. Conclusion

This paper analyzes the advantages and disadvantages of Pang donglai at this stage based on the problems encountered by Pang donglai from an objective perspective. As well as providing solutions to the weakness of pang donglai.

After the analysis, the focus of this article is that compared with foreign companies and large chain retail enterprises, the development trend of local small and medium-sized enterprises is relatively weak. In terms of sales, gaining points that distinguish it from other retail companies, is the most basic factor for Pang donglai to expand. Moreover, correctly find the target customer group. And, develop a supply model that suits the local culture. This can help Pang donglai gain a healthy supply and demand relationship. The most important thing is to adapt to different business environments according to the environment you face, find a path that suits you, and find a strategic plan suitable for the application of Pang donglai.

There is still a lot to improve in this paper. For example, the research in this article only focuses on one province in China, and there may be other problems that need to be faced in other provinces, and the research subjects have not recently disclosed specific business conditions, such as turnover and profits, and many information cannot obtain detailed data. This limits the investigation and analysis of research subjects.

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