



**STUDY ON THE COMPETITIVE STRATEGY OF PANG
DONGLAI TRADING COMPANY**

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DONGLAI TRADING COMPANY**

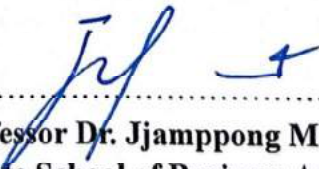
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This Independent Study has been Approved as a Partial Fulfillment of the
Requirement of International Master of Business Administration

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ABSTRACT

In recent years, the emerging retail industry has developed vigorously, posing severe challenges to the traditional retail industry. Technological innovation has promoted the rise of e-commerce, smart retail, and other formats, profoundly changing consumers' shopping behavior. Traditional retailers are gradually losing their competitive advantages in promotions and customer interaction. Facing the increasingly fierce competitive pressure in the retail industry, especially the traditional retail industry, this study conducted an in-depth analysis of the success factors of Pang Donglai Trading Company's competitive strategy and put forward research opinions on some of the shortcomings. This study proposed the following research objectives: 1) To analyze the competitive environment of Pang Donglai Trading Company. 2) To analyze the competitive strategy of Pang Donglai Trading Company. 3) To provide suggestions for the competitive strategy of Pang Donglai Trading Company.

This study adopted the documentary research method to analyze Pang Donglai Trading Company's competitive environment and competitive strategy. The research results are as follows: 1) Through Porter's Five Forces model and SWOT analysis, it can be concluded that the market competition environment of Pang Donglai Trading Company is very fierce. The external environment includes direct competition from the emerging retail industry and the potential threats from the rise of new retail models such as community group buying and convenience stores. Pang Donglai Trading Company has lean under tremendous competitive pressure, and its internal environment has weaknesses such as unclear positioning, high supply chain costs, slow decision-making, and insufficient talent. 2) Based on the strategic competition theory analysis, Pang Donglai Trading Company adopts a differentiated competition strategy. Through the theoretical basis of competitive strategy, the differentiated competition of Pang Donglai Trading Company is mainly reflected in product differentiation, marketing differentiation, service differentiation, organizational structure differentiation, etc. The above

factors enable Pang donglai to occupy a dominant position in market competition. 3) The company should strengthen the organization and human resource protection, optimize the talent structure, and improve the professional quality of employees; implement supply chain optimization projects and build an intelligent supply chain management platform to reduce operating costs and improve management capabilities; actively carry out technological innovation, introduce high-end technical talents, use cloud computing, artificial intelligence, and other technologies to improve sales models, realize online and offline interconnection, optimize resource integration, and provide a more convenient shopping experience.

Keywords: competitive, strategy, differentiation strategy.



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DECLARATION

I, Zhang Bo, hereby certify that the work embodied in this independent study entitled “Business Administration” is result of original research and has not been submitted for a higher degree to any other university or institution.



Zhang Bo

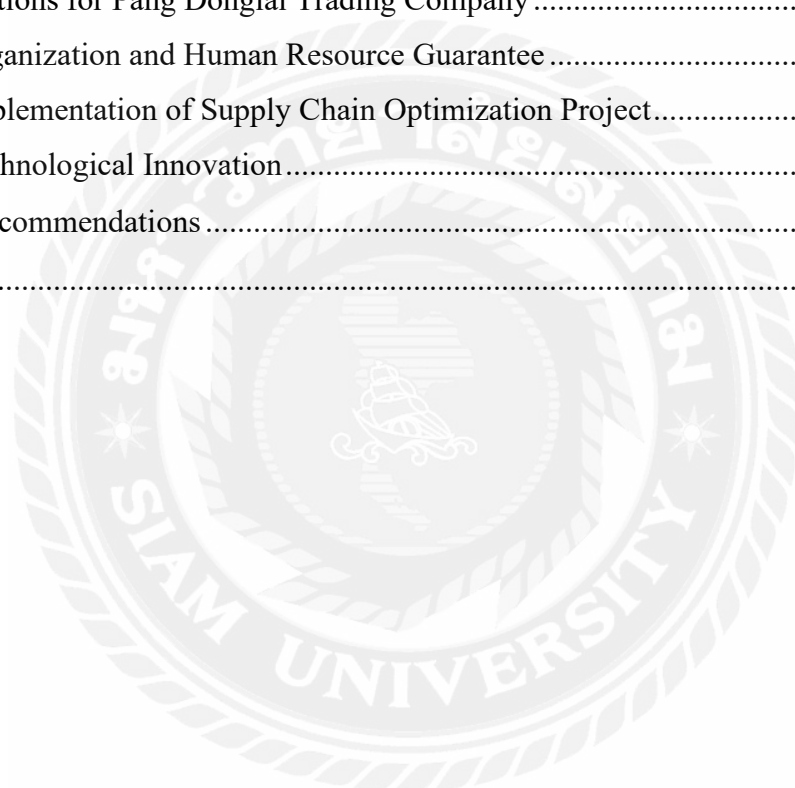
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Chapter 1 Introduction

Since the 21st century, the rapid development of e-commerce has had a strong impact on the traditional retail industry, and the market share has declined to varying degrees (Zhang and Chen, 2019). According to the National Bureau of Statistics, in 2020, the total online retail sales of the country amounted to 117,601 million yuan, which is 10.9 percentage points more than the Sun in 2019 and accounted for 24.9% of total retail sales of consumer goods, which is 24.9% more than the same period of the previous year by 4.2 percentage points (Chen and Sun, 2019). Time-lapse to 2015, the growth rate of online turnover gradually slowed down, which indicates that the development of traditional e-commerce has reached a bottleneck, coupled with the continuous upgrading of consumer demand, consumers pay more attention to the shopping experience, and the online shopping experience is far less than the offline shopping experience, which is the traditional e-commerce enterprises have been exploring to try to solve the problem, but still difficult to solve.

In 2016, Jack Ma first put forward the concept of "new retail" at the Yunqi Conference in Hangzhou, defining "new retail", arguing that the future is no longer simple e-commerce, but maybe new retail, whose essence is the reconfiguration of "people, goods, and the field", which will give rise to a new retail industry (Huang Ying, 2021). This means that online and offline will be deeply integrated in the future, and new retail formats will emerge. In the same year, the General Office of the State Council also put forward the guidance for the transformation of the retail industry based on "new retail", which provides good macro policy support for the transformation of traditional retail enterprises. During the two sessions in 2017, Premier Li Keqiang made important instructions for the upgrade of the retail industry, and the current retail industry should actively leverage the Internet to carry out industrial transformation, and further improve the efficiency of the retail industry while providing better services to customers." According to relevant statistics, the sales scale of the top 100 retail enterprises in 2020 increased by 3.5% compared with 2019, the lowest growth rate since statistics were available. Traditional retail enterprises are not only facing problems such as declining sales and customer traffic, but also increasing operating costs such as warehousing, logistics and distribution, store rent, and human resources (Gao, Li, and Liu, 2017). At the same time, traditional retail enterprises are also facing challenges such as erosion of market size, lack of new profit growth points, inability to attract talent, inability to fully utilize new technologies, and lack of substantial breakthroughs in the transformation of traditional retail enterprises. The lack of substantial breakthroughs in the transformation of traditional retail enterprises is a challenge. Therefore, both traditional retailers and e-commerce platforms urgently need to find new development channels.

In summary, the arrival of "new retail" will be another revolution in the retail industry. The new retail model is a comprehensive ecosystem premised on meeting consumer demand, involving all aspects of retail operations, and how to better serve consumer upgrading, the establishment of a matching retail model is a top priority, and the organic integration of online

and offline can improve the competitiveness of enterprises, so as to open up new markets and meet more consumer demand, to welcome the arrival of the new retail model, to meet the new needs of consumers and meet the arrival of the new retail model to improve the competitiveness of enterprises (Wang & Shi, 2021). This paper takes Pang Donglai Trading Company in Xuchang City, Henan Province as an example, aiming to analyze its innovative business model and provide new ideas for the research of retail business model in China.

1.1 Background of the Study

In recent years, China's retail industry has experienced rapid development and great changes, with the wide application of Internet technology and the continuous improvement of the level of intelligence, the trend of online and offline integration has become more and more obvious, and the shopping methods and habits of consumers are undergoing subversive changes (Zhang Yan and Lu Yan, 2018). At the same time, the competitive pattern of retail enterprises is also evolving, new formats are rising, and the operating pressure of traditional retail enterprises is increasing. Therefore, it has become increasingly important to study China's retail industry, reveal the opportunities and challenges it faces, further improve and enhance the development of the retail industry, and promote the sustainable and healthy development of the retail industry. Research on the retail industry needs to fully consider the economic and social background, consumer behavior characteristics, industry chain links, technological innovation, and other factors.

Founded in March 1995, Pang Donglai Trading Company is a brick-and-mortar retail enterprise headquartered in Xuchang City, Henan Province, It is one of the members of the four-party joint venture in Henan Province, and it is a giant of commercial retail enterprises in Henan Province, enjoying a great reputation in the business community of Henan Province. Since the beginning of its establishment, the founder Yu Donglai started his entrepreneurial journey with the business sense of "cheaper price and better attitude than others". At that time, when the market was flooded with counterfeit and expired commodities, he put forward the business philosophy of "use the genuine goods, exchange the genuine goods", and adopted the cost-leading strategy of the four-party joint purchasing, the competition-oriented pricing method and other mechanisms to reduce the cost of goods to the benefit of the consumers, plus Free bag storage, free cell phone charging, free home delivery and other quality services, won the trust and love of local consumers, According to the official public data, the sales of Pang Donglai Trading Company will reach about 42 billion yuan in 2021.

1.2 Problems of the Study

Enterprise success is not by chance but comes from a clear competitive strategy and excellent execution. In the business arena, Pang Donglai Trading Company has emerged with its unique and successful business model. The company's success in the market is not only a skillful response to the competition in the industry but also a keen insight into the changes in the internal and external environment. In the highly competitive retail industry, Pang Donglai

Group of Companies has successfully utilized the strategy of differentiation. By implementing differentiation in organizational structure, merchandise, marketing, consumer scenarios, and services, the company has stood out from its peers and succeeded in attracting more consumers. This successful experience is highly regarded in the industry and provides a reference for other enterprises. The purpose of this study is to examine in depth the competitive strategy of Pang Donglai Trading Company to answer the following key questions:

1. What is the competitive environment of Pang Donglai Trading Company?
2. What is the competitive strategy of Pang Donglai Trading Company?
3. What should Pang Donglai Trading Company do to strengthen the competitive strategy?

1.3 Objectives of the Study

The purpose of this study is to analyze the competitive strategy of Pang Donglai Trading Company, to explore the company's competitive environment, and competitive strategy, and to explore the company's insufficiency to provide recommendations. To provide reference value for other retail companies in the same industry, the following are the three research objectives of this paper:

1. To analyze the competitive environment of Pang Donglai Trading Company
2. To analyze the competitive strategy of Pang Donglai Trading Company
3. To provide suggestions on the competitive strategy of Pang Donglai Trading Company.

Through these three research directions, this study aims to provide a comprehensive interpretation of the success of the Pang Donglai Trading Company of Companies and provide useful insights for other companies to formulate and implement strategies in a competitive business environment.

1.4 Scopes of the Study

This study provides an in-depth examination of the Pang Donglai Trading Company through the literature analysis method, using the field of study of competitive strategy as an entry point. Mainly through a careful analysis of relevant journal literature, the study focuses on the key theme of competitive strategy and provides a comprehensive examination of the key factors of strategy selection, strategy implementation, and success of Pang Donglai Trading Company. By combing through the relevant journal literature, this study will focus on the key theoretical frameworks within the field of competitive strategy research, including but not limited to Porter's Five Forces Model, SWOT analysis, differentiation strategy, cost leadership strategy, etc., to interpret and analyze the types of strategies adopted by Pang Donglai Trading Company at a high level of theory. Through the systematic combing of the literature, the strategic path chosen by the company in the competitive market will be revealed to provide a theoretical basis for the subsequent research.

1.5 Significance of the Study

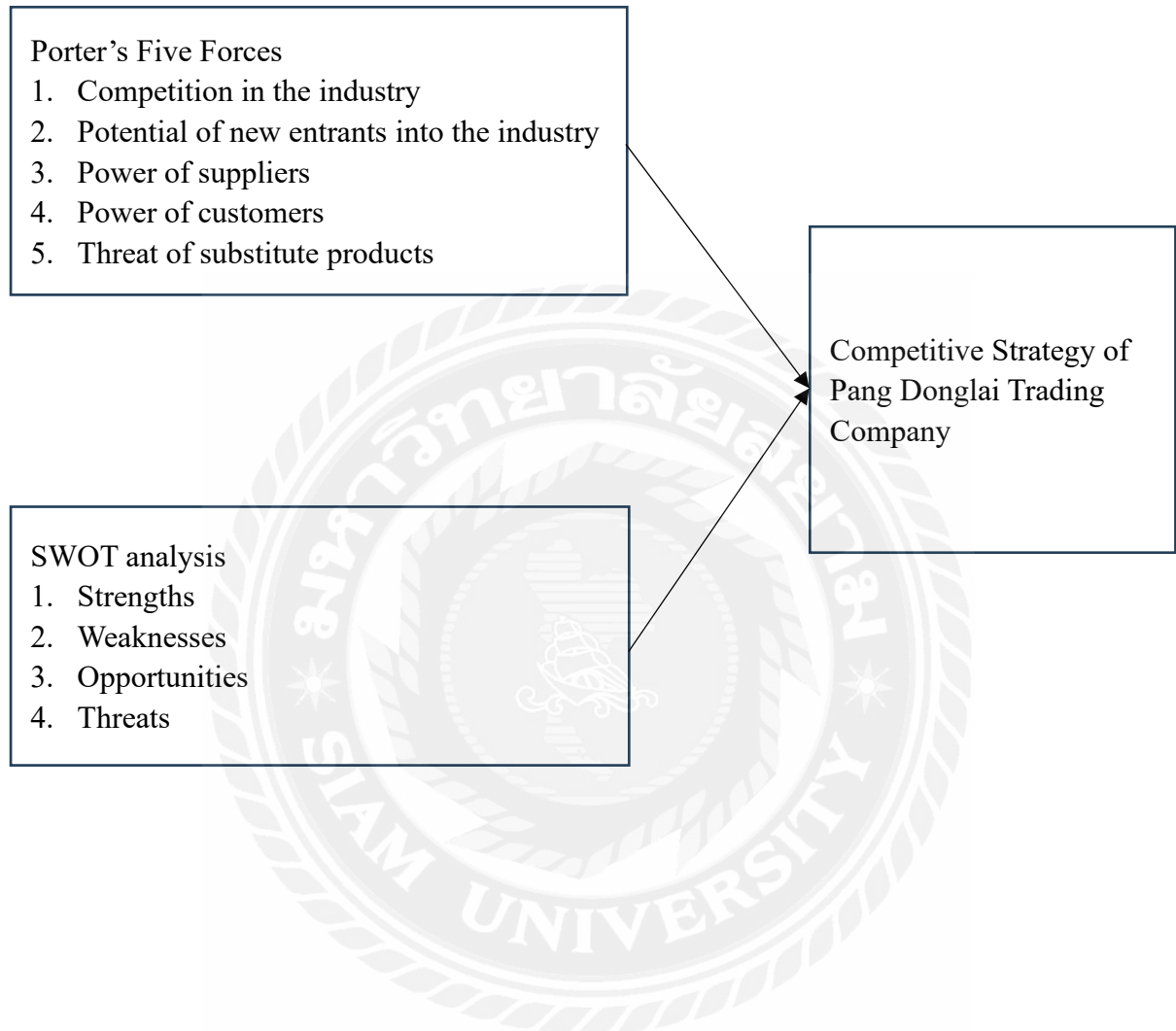
In recent years, in the face of continuous changes in the retail industry and increasingly fierce competition, timely adjustment of the enterprise's competitive strategy will help the enterprise to seize the opportunities and meet the challenges. The competitive strategy of Pang Donglai Trading Company is chosen as the main research object of this thesis, which tries to develop a competitive strategy suitable for the development of Pang Donglai Trading Company in the face of the rising offline operating costs, the competition for the retail market by online retailing, and the upgrading of the consumer demand structure under the new retailing situation, so as to find the opportunities and to develop a competitive strategy suitable for the development of Pang Donglai Trading Company (Shen, Tan, Wang, & Li, 2021). On the other hand, the Group has developed a competitive strategy for Pang Donglai Trading Company, which is suitable for the development of the company and maintains its competitive advantages in the industry; On the other hand, Pang Donglai Trading Company conducts competitive strategy research to form certain optimization suggestions for its competitive strategy. Pang Donglai Trading Company conducts a study on its competitive strategy and forms certain optimization suggestions for its competitive strategy, and at the same time, plays a certain reference for the scientific formation of competitive strategy for other enterprises.

The study of the competitive strategy of the Pang Donglai Trading Company is conducted to form some optimization suggestions for its competitive strategy and to provide some reference for the scientific formation of the competitive strategy of other enterprises. Overall, the research on this topic has important theoretical significance.

It is of great practical significance to choose "Research on Competitive Strategy of Pang Donglai Trade Group Company" as the topic of the dissertation. On the one hand, it is required by reality. After the comparison of many groups of companies, it is found that Pang Donglai Trading Company has lagged in the formulation of competitive strategy, and there are great difficulties in the formulation of competitive strategy nowadays. In the interview, some managers found that they generally believe that the most urgent task is to develop a reasonable competitive strategy based on the development of the company's scale and the current situation combined with the development of the background. Only in this way can promote the Pang Donglai Trading Company to strengthen the response to external risks, strengthen the transformation of advantages, tap the development potential, and achieve sustainable development; on the other hand, through the rigorous analysis of the theoretical level, combined with the actual situation of the enterprise to put forward a certain optimization and improvement of the countermeasures aimed at enhancing the overall development of Pang Donglai Trading Company, solving the current development problems, and laying a foundation for the later realization of sustainable development. Though the systematic research, in the discovery of Pang Donglai Trading Company development status quo analysis based on further analysis of the existing problems, and secondly, the theoretical research should ultimately play a role at the

practical level, which is also an important work to test the scientific nature of the theory. Therefore, this aspect of systematic research, to be practiced to the practical level.

1.6 Research Framework



Chapter 2 Literature Review

2.1 Introduction

This chapter review explores the evolution of strategic management theories, particularly in the context of the retail industry. Beginning with Igor Ansoff's foundational work, the study delves into three main schools of thought and Michael Porter's influential competitive strategies. The research emphasizes the industry's transition, marked by Chesbrough and Davenport's cyclical theories, and the advent of "new retail" in China. In response, traditional retail enterprises are urged to adopt innovative strategies, including omnichannel operations, to navigate the dynamic and competitive landscape effectively. As well as a full range of strategic analyses using tools such as analysis model, Porter's Five Forces analysis model, and SWOT analysis.

2.2 Relevant Theories

2.2.1 Strategic Management Theory

Igor Ansoff introduced the concept of strategy in the enterprise field in the mid-1960s, which initially formed the theoretical framework of enterprise strategic management research, and this period is also the foundation period of enterprise strategy research. Subsequently, more and more scholars joined in the research of this discipline, and the 1980s, it was the period of a hundred schools of thought in the study of enterprise strategic management, and different academic schools were formed due to the different viewpoints, and there are three types of mainstream schools of thought, which are the school of resource allocation represented by Igor Ansoff, the school of target strategy represented by Andrews, and the school of industrial organization represented by Michael Porter (Gao, Li, & Liu, 2017). Strategy School. Resource allocation school advocates that the core of enterprise strategy development is to rationally plan and configure enterprise resources, combined with external environmental factors; target strategy school's basic point of view is that enterprise strategy is mainly the process of determining and implementing the enterprise's long-term goals and objectives (Chen & Sun, 2019). Industrial organization school advocates the view that the key to enterprise strategy is to clarify the relative competitive advantage of the enterprise, and Michael Porter puts forward the famous Michael Porter put forward the famous "Porter's Five Forces" analytical model to analyze the five forces that determine the strength of enterprises in competition, and on this basis, put forward three basic types of enterprise competitive strategy, namely, the cost leadership strategy, differentiation strategy, and concentration strategy (Dai & Wang, 2020). The 1980s to the present is the turning period of the research on enterprise strategic management, and the core of the research mainly focuses on how to find the competitive advantage of enterprises (Li, Qiao, Wu, & Liu, 2019). Mainly centered on the issue of how to find the competitive advantage of the enterprise, and maintain and expand it, the research

scholars changed the way of thinking, through the study of the enterprise's ability to cope with changes in the environmental background, and no longer adhere to a single internal resources and disadvantages or external environment analysis, based on the enterprise's ability and strategy to fully integrate internal and external(Ozer & Arslan, 2019). The strategic research in this period is more towards the integration of multiple theories but also improves the practical guiding role of enterprise strategic management theory. The practical guiding role of enterprise strategic management theory.

2.2.2 Theories of competitive strategy

The theory of competitive strategy was clearly formulated by Michael Porter, the competitive strategy, in his classic book *Competitive Strategy*. According to his theory, there are three basic types of competitive strategies, namely Cost leadership strategy, Differentiation focus strategy, Differentiation focus strategy, and Cost focus strategy.

1. Cost leadership strategy

Cost leadership strategy is a strategy for enterprises to expand market share at a low price (Liu & Xiao, 2019). Enterprises need to reduce their own production costs and operating costs so that their all costs are lower than their competitors, so that the price of their products can gain low price advantage, expand market share in competition, and use upgraded production technology and efficiency to gain price advantage of their products (Yang & Liu, 2019). The theory can analyze the cost of the retail industry by reducing the production cost, selling cost, and management cost of the company (Wang & Xiang, 2018). selling cost and management cost to reduce the total cost and win the competitive advantage in the industry.

2. Differentiation strategy

Enterprises offer differentiated services, products, brand image, etc., and give added value to this difference (Qi, Yan, & Wu, 2021). The differentiation strategy requires the firm to be distinctive and gain recognition from customers so that it can expand its market share and gain more profits (Chesbrough, 2010). The differentiation strategy prevents other potential competitors from entering the field and reduces customer sensitivity (Chen, Huang, & Yang, 2021). The theory is applicable to analyze the innovation of retail business in terms of products and services by promoting specialty products and value-added services to gain competitive advantage (Huang & Benyoucef, 2019).

3. Differentiation focus strategy

A firm's objective is to concentrate on a specific customer group, a product line, or a sales area, characterized by a specific area, a specific customer group, and specific products and services (Wu & Li, 2019). In the process of retail development, it is necessary to choose the appropriate competitive strategy according to its own development needs to obtain a leading edge and market share.

4. Cost focus strategy

Cost focus Strategy is a retail competitive strategy whose core idea is to choose a specific market segment and focus on meeting the unique needs of that market in order to achieve competitive advantage. By focusing on a limited number of segments, retailers can better understand the needs of the target market, offer more targeted and personalized products or services, and improve overall cost-effectiveness by reducing costs and increasing efficiency. This strategy helps to establish a specialized position in a particular market and reduce market risk.

2.3 Related Research

2.3.1 Study on the competitive strategy of enterprises

The introduction of the concept of strategy in the modern business field first appeared in the West in the 1960s when business strategy was defined. Scholars at that time believed that strategy was a strategic decision made by an enterprise to adapt to the influence of external environmental factors, and that strategic management measures should be applied comprehensively in business activities and permeate every project of business activities.

Zhang Guoli (2019) suggests that an enterprise should analyze the five competitive forces affecting the enterprise by analyzing the following: existing competitors in the same industry, potential entrants, the threat of substitutes, the bargaining power of suppliers, and the purchaser's bargaining power. bargaining power of suppliers and bargaining power of purchasers, based on which an enterprise's competitive strategy is established and three basic types of enterprise's competitive strategy are proposed. The three basic types of competitive strategies are total cost leadership, differentiation, and concentration strategies (Zhang, Chang, & Shi, 2019).

Hao Li (2018) described the core competitiveness of an enterprise in detail, and the core competitiveness of an enterprise is the ability of an enterprise to gain long-term competitive advantage by organically integrating its resources and configurations through highly efficient management means, and by creating products or technologies that are unique to the enterprise and difficult to be copied by its competitors. long-term competitive advantage (Hao & Lu, 2018).

Hobday (2000) drew on the four-point approach (4P) in marketing to propose the five-point (5P) theory of strategy, which analyzes corporate strategy from the different perspectives of planning, scheming, modeling, positioning, and perceptions. He believes that the formation of corporate strategy is a process by which a company adapts to changes in the external environment and transforms itself. Changes in the external environment (Hobday, 2000).

Ferreira (2015) raises new questions by comparing German, Italian, and British pharmaceutical firms in competition, whether firms utilize their economic comparative advantage and converge on such strategies driven by national systems (Ferreira & Suarez,

2015). The reason for the differences between these findings and the analysis of the competitiveness literature lies in the differences in the indicators used to measure firms' strategies. Regardless of the macro indicators used, the loss of information associated with micro variables all lead to convergence effects that may be more pronounced.

Dyer (2011), through a study of the European mobile industry, shows that different competitive strategies evolve over time and that pioneer's benefit to some extent by applying a variety of strategies in the initial stages of market development (Dyer, Gregersen, & Christensen, 2011). However, over time, the pioneer's competitive position in terms of quality, price, and operating costs will decline in their relative positions. China's strategic management research was introduced from the West in the 1980s, but through the unremitting efforts of domestic scholars, it has now become a major part of China's strategic management research. scholars' unremitting efforts, good results have been achieved so far.

Shen He (2021) summarized and analyzed the evolution process of Western enterprise strategy research, he proposed that future strategic management should change the ideological thinking of strategy, improve the strategic foresight and adaptability, and there will be a deeper cross-penetration with economic theories as well as other theories, and the research method should not only use game theory, but also integrate a variety of related theoretical tools(Shen, Tan, Wang, & Li, 2021).

Guo Feng (2021) believes that enterprises should carry out the implementation path of differentiation strategy based on building a corporate culture that supports the enterprise differentiation strategy, accurately grasping the differentiated needs of customers, providing customers with personalized products or services, and effectively providing customers with perceived information about the extra value of the hull (Gong & Wang, 2021).

Zhang Dongsheng, (2019) through the study of thirty large-scale modern enterprise success cases, found that the key to the enterprise can win in the market competition is to explore internal resources, build a differentiated strategic system, the courage to innovate in thought, subvert the traditional mode of thinking, and form a competitor's difficult to replicate the business model to be long-lasting (Zhang & Chen, 2019).

Wang Guangwu (2021) analyzes the traditional competitive strategy theory and proposes that Chinese enterprises should transform their "competitive potential energy" into "strategic potential energy" with the help of the concept of "gravitational potential energy" in physics (Wang & Shi, 2021). With the concept of "gravitational potential energy" in physics, it is proposed that Chinese enterprises should transform their "competitive potential energy" into "strategic potential energy", and that core competitiveness is time-sensitive, and enterprises need to constantly look for gaps and make up for deficiencies in themselves, and continuously create more competitive advantages to be undefeated in the competition for a long time.

Chen Yi (2021) takes Shanghai and Shenzhen A-share listed companies as a research case and studies the impact of three basic types of competitive strategies on enterprise value based

on the level of the enterprise life cycle, and they find that the positive impact of differentiation strategy on enterprise value is more obvious in the better-developed enterprises, which helps the enterprises to improve their self-worth(Chen, Huang, & Yang, 2021).

2.3.2 Research on the development of retail industry

Chesbrough (2010), a retail expert at Harvard Business School, put forward the famous "retail wheel" theory, in which he believed that the development of the retail industry is a cyclical development trend, just like a rotating wheel, new entrants in the retail industry tend to use cost leadership strategy to capture the market, and with the development of the enterprise, it is possible for new entrants to take over the market(Chesbrough, 2010). development costs gradually increase and will eventually lose the market, leaving room for new retail formats to develop.

Davenport (2018) put forward the new "circle of retail" theory, based on the re-demonstration and analysis of the "retail wheel" theory, he found that the characteristics of new entrants in the industry are no longer cost-leading strategies (Davenport, 2018). He found that the new entrants in the industry are no longer characterized by the cost leadership strategy but by any innovation brought about by the development of the industry and the creation of new forms of business. are the characteristics of new entrants, leading retailers to maximize their differentiated innovation activities.

Shankar (2019) through his study of Amazon e-commerce company, argues that the retail industry has seen a dramatic change in customer expectations of convenience, choice, and speed of delivery as customer spending rapidly shifts to online commerce and away from brick-and-mortar stores (Shankar, Venkatesh, Hofacker, & Naik, 2019). This shift to customer-centric delivery affects the entire retail supply chain, which needs to be redesigned to ensure that companies gain maximum operational efficiency while delivering a providing a superior customer experience.

Wang & Gu (2019) developed a game-theoretic model to analyze the impact of cooperative production on market segmentation and channel member profitability in a competitive retail environment (Wang & Gu, 2019). The results show that the introduction of cooperative production expands the market coverage of the manufacturer, which benefits all channel members, when the competitive intensity is sufficiently high, especially for retailers with lower quality levels, who in the absence of co-production exit the market.

With the development of the times and the progress of science and technology, the retail industry has gradually emerged as "new retail", which originated in China, and the relevant research abroad has failed to keep pace with the times due to the constraints of supply chain management and other technologies, consumer habits and other factors. Faced with the development of the industry in this period, many domestic retail enterprises have made active transformations and adjustments, which also provides a good opportunity for domestic

researchers to study the development of the industry. adjustment, which also provides domestic research scholars with powerful examples to support.

Jack Ma (2016) proposed the concept of "new retail" for the first time, as a representative of the domestic e-commerce industry, he said that the era of "pure e-commerce" has passed and defined this new retail model as the organic integration of online, logistics and offline. Integration. Transactions and payments are done online, while choices and experiences can be made offline. can be done offline, and online and offline can be connected through efficient logistics to form a closed loop of business.

Liu Qiangdong (2017) proposes that the retail industry will usher in the fourth revolution based on e-commerce, and through the continuous development of Internet technology, human beings will be brought into a new era of artificial intelligence (Zhang, Yan, & Lu, 2018). He believes that the essence of retail will not change, but the infrastructure will change. The upgrading of infrastructure will accelerate the arrival of the era of "borderless retail".The coming of the era of "borderless retail".

Wang Qian (2020) suggests that in the era of "new retail", traditional retail enterprises should focus on consumers and reshape the consumer experience to meet the needs of consumers (Wang, Yan, & Kim, 2020). In the era of "new retail", traditional retail enterprises should focus on consumers and reshape the consumer experience to satisfy consumers' needs at any time, in any place, and in any way.

Chiang (2019), from the perspective of strategic synergy, suggests that the innovation of the sales model of traditional retail enterprises is urgent, and in the current environment, the "online + offline" business model has become the main mode of traditional retail transformation and development. In the current environment, the "online + offline" business model has become the main mode of traditional retail transformation and development (Chiang, Li, & Xu, 2019).

Liu Chenjie and Xiao Zhaoyi (2019) analyze the offline channels of the e-commerce enterprise "Three Squirrels" and find that with the decline of the e-commerce dividend, pure e-commerce enterprises are also actively expanding their sales channels, and through the deployment of online and offline integration of sales models (Liu & Xiao, 2019). Bureau of online and offline integration of the sales model, to realize multi-channel operation.

Chen Mingming (2021) believes that modern science and technology have broken down the barriers between various retail channels and that omnichannel sales channels are the future of the retail industry. a channel sales channel is the future development trend of the retail industry (Chen, Huang, & Yang, 2021).

Hang Lingya (2019) suggests that the foundation of new retail is omnichannel operation, and the transformation of retail enterprises must comprehensively upgrade and remodel the

existing business model to make commodity production circulation and services more efficient (Huang & Benyoucef, 2019).

Ling Lu et al. (2018) analyze the consumer changes in the post-epidemic era in depth by looking at the level of new retail, arguing that the rapid spread of the epidemic has spawned consumer demand for new retail, triggered demand for the acceptance of the new retail model, which has a far-reaching impact on the future development of the retail industry, as well as being a retail industry's development opportunities(Li, Huang, Lu, & Jin, 2018).

2.2.3 Research on competitive strategies in retail industry

Chen Yilin (2021) analyzed the current competitive environment of retailers' private brands in China by using the brand positioning model and Porter's five forces competition model, and he concluded that retailers' private brands can, to a certain extent, improve the enterprises' market competitiveness of the industry and create its own differentiation advantage through brand innovation (Chen, Huang, & Yang, 2021).

Chen Jie (2019) constructed a model of influencing factors of purchasing behavior from the perspective of consumer experience according to the changes in consumer behavior in the Internet era, analyzing the influence of functional and emotional factors in the process of consumers' purchasing decision-making, and he found that retailers should organically combine the emotional value on the basis of the existing realization of functional value to Create competitive advantages for realizing consumer value to meet the increasingly rich and diversified consumer demand(Chen & Sun, 2019).

Jiang Yujie (2020) found that the retail industry will usher in another change, and traditional retail enterprises should seize this wave of change: use the cost leadership strategy to reduce retail costs; use the differentiation strategy, live the brand value, and improve the level of retail service; and synthesize all the factors of the enterprise's ability to The overall approach to and beyond the boundary of retail technology to build core competitive advantages(Jiang & Liang, 2020).

Zhang Xuanxuan and Zhang Guohua (2020) take the competitive strategy of cross-border imported e-commerce retail enterprises as the research object and based on the reputation priority theory and the cost leadership theory, synthesize the existing research results of domestic and foreign scholars on e-commerce, screen out 12 indicators of the independent variables, and analyze the impact of sales volume and sales volume using OLS regression (Zhang, Zhang, & Zhang, 2020). The results of the study show that most of the indicators have a significant explanatory effect on the dependent variable.

Hao Rui (2018) used "Porter's Five Forces Model", one of the results of the strategic management theory of management scientist Michael Porter, to analyze the current competitive situation faced by retail enterprises, and he concluded that the retail industry (Hao & Lu, 2018). To enhance the competitive advantage against the five competitors, it is necessary to formulate

strategic objectives to enhance the competitiveness of the enterprise. Utilize the environment around the industry and the resources of the retail industry for strategic planning.

2.4 Theory of Research Tools

2.4.1 Porter's Five Forces analysis model

Early 1980's, Michael Porter put forward the famous Five Forces analysis model, this model mainly focuses on the analysis of the industry environment in which the enterprise is located, and the intensity of competition in the industry with the development of the times is on the rise. As the development of the times is on the rise, enterprises need to have a constant understanding and mastery of the industry's overall environmental information, and then optimize and adjust their strategic planning, to make enterprises better adapt to the rapidly changing industry competition environment(Zhang & Chen, 2019). Five Forces model analyzes the industry's influencing factors: Threat of substitutes, potential entrants, buyers' bargaining power, and suppliers' bargaining power.

1. Threat of substitutes: Substitutes refer to products that are substitutes for the products offered by the enterprise, and there are products of the same or similar functions in the market that can satisfy the needs of consumers in a certain form (Wang & Gu, 2019). If the enterprise provides products with high substitutability, then the competitive relationship between the enterprise and the substitutes is more significant, to reduce the threat of substitutes, the enterprise will generally adopt a differentiated competitive strategy, by providing rivals difficult to copy the products to circumvent the threat.

2. Potential entrants: The industry's existing enterprises usually have the advantage of industry competitiveness of resources to build industry barriers, and industry barriers, to a certain extent, determine the potential entrants to enter the industry (Dyer, Gregersen, & Christensen, 2011). The level of industry barriers determines, to a certain extent, the degree of threat of potential entrants into the industry (Wang & Shi, 2021).

3. Buyers' bargaining power: The bargaining power of the buyer is specifically manifested in the consumer's right to speak about the relationship between the supply and demand of commodities and its influence on the seller (Huang, Huang, & Wu, 2019). Consumers demand that suppliers offer lower prices or better-quality products and services and services and other conditions, which compresses the profitability of the seller and has a greater impact on the seller (Chen, Huang, & Yang, 2021).

4. Suppliers' bargaining power: The bargaining power of the supplier, which is expressed in the supplier's power and influence in the relationship between supply and demand of goods, mainly by raising the price of the supplied goods or lowering the quality of the supplied goods and services, which will increase the profitability of the supplier (Gong & Wang, 2021).

5. Competitors in the same industry: Competitors in the same industry, mainly include the number of competitors and the scale of competitors, specifically in the degree of product differentiation, product quality and price, etc. The enterprise's attention to competitors in the

same industry is relatively high, and the threat of competition in the same industry is also the most important concern of the enterprise, which requires the enterprise to have an in-depth understanding of the competitors, and then optimize its own strategy adjustment In order to be in the industry competition to occupy a dominant position (Wang, Shi, & Bai, 2021).

2.4.2 SWOT analysis

In the early 1980s, the United States University of San Francisco management professor Weirick put forward the famous SWOT analysis model, SWOT is based on the macro-environment, industry environment, as well as internal resources, capabilities and problems and other aspects of the analysis of the situation based on the analysis, to explore the external environment of the enterprise opportunities and threats, to explore the enterprise's internal strengths and weaknesses, and to carry out a comprehensive analysis. In the SWOT analysis, S is the internal advantages, W is the internal disadvantages, O is the opportunities brought by the external environment, and T is the threats brought by the external environment (Chen, Huang, & Yang, 2021). Through SWOT analysis can be a comprehensive analysis of the current status of the enterprise, according to the theoretical basis of enterprise competitive strategy, enterprise strategy is an enterprise "can do" and "may do", it will be the enterprise's internal strengths and weaknesses, It combines the internal strengths and weaknesses of the enterprise, the opportunities and threats brought by the external environment, and builds the corresponding strategic plan according to the analysis results, and finally, four different strategic combinations of SO, WO, ST and WT are obtained(Shen, Tan, Wang, & Li, 2021).SWOT analysis can objectively analyze the status quo of the enterprise and systematically study the situation of the enterprise, which is of vital significance for the enterprise to formulate the future competitive strategy.

2.5 Pang Donglai Trading Company

Pang Donglai Trading Company, founded on March 12, 1995, was originally called Wangyue Lou Pang Shop, and in 2002, it established the Sifang Union Purchasing together with Luoyang Dazhang Company, Xinyang Xiaya Hemei Commercial Company Limited, and Nanyang Wandelong Company (Chen, Huang, & Yang, 2021). Headquartered in Weidu District, Xuchang City, Henan Province, Pang Donglai Trading Company currently operates offline only in Xuchang City and Xinxiang City, Henan Province. Pang Donglai Trading Company's business covers jewelry, medicine, home appliances, fresh food, cinema, bookstores, apparel, and food and beverage.

On October 17, 2006, Pang Donglai Trading Company was awarded the title of "Advanced Enterprise for Re-employment in Xuchang City"; since 2006, Pang Donglai Trading Company has been awarded the title of "Small Giant Enterprise of the Year" in Xuchang City several times; since 2006, Pang Donglai Trading Company has been awarded the title of "Advanced Unit for Fire Fighting" for several times; in 2007, "Pang Donglai Trading Company" was awarded "Advanced Unit for Fire Fighting" for several times. In 2007, "Pang Donglai Trading Company" was recognized as a "Famous Trademark of Henan Province"; in

2007, it was recognized by the Henan Bureau of Industry and Commerce as the "2007 Civilized and Honest Market of Henan Province"; On October 8, 2008, Yu Donglai, Chairman of Pang Donglai Trading Company, was honored with the title of National Model for Earthquake Relief; on December 21, 2010, Pang Donglai Trading Company was awarded the title of "First Xuchang Top Ten Meritorious Units for Urban Operation"(Huang & Benyoucef, 2019).

In 2021, Pang Donglai Trading Company's sales will be approximately RMB7 billion. As of December 2022, Pang Donglai Trading Company will have 13 stores in Xuchang and Xinxiang, with approximately 11,600 employees on board, of which approximately 6,100 will be self-employed and approximately 5,500 will be non-self-employed. Pang Donglai Trading Company plans to relocate its life plazas in 2025, by which time its company-wide workforce is expected to reach 15,500. Currently, Pang Donglai Trading Company holds the highest supermarket retail market share in Xinxiang and Xuchang and has been ranked first in the operational efficiency ranking of China's private supermarket retailers several times (Wang, Shi, & Bai, 2021).



Chapter 3 Research Methodology

3.1 Introduction

This paper adopted documentary research method and focuses on analyzing the competitive strategy of Pang Donglai Trading Company based on the theory of competitive strategy and the information gathered from previous studies to answer the research questions and find the research objective.

3.2 Research Methodology

1. Literature analysis method

Through the search and reading of the existing literature, to realize the theoretical sorting and data summarization and analysis, from China Knowledge Network and other network data platforms as well as libraries to obtain literature related to the study of this paper, the macro-environmental analysis of data and industry environment analysis materials in this paper mainly come from the National Bureau of Statistics, Henan Provincial Bureau of Statistics, Xuchang City Bureau of Statistics, as well as the relevant webpage query (Chen, Zhang, & Cao, 2021). Pang Donglai Trading Company's internal resources and capabilities analysis of the information mainly comes from the enterprises internal.

2. Case study method

Through the investigation and analysis of the research subject, a series of strategic analysis tools and methods are used to conduct qualitative and quantitative specific analysis. This study took Pang Donglai Trading Company as case study, combines the theory of enterprise competitive strategy, Porter's Five Forces model, and SWOT analysis to objectively analyze the competitive environment of Pang Donglai Trading Company.

3.3 Research Tools

1. Porter's Five Forces analysis model

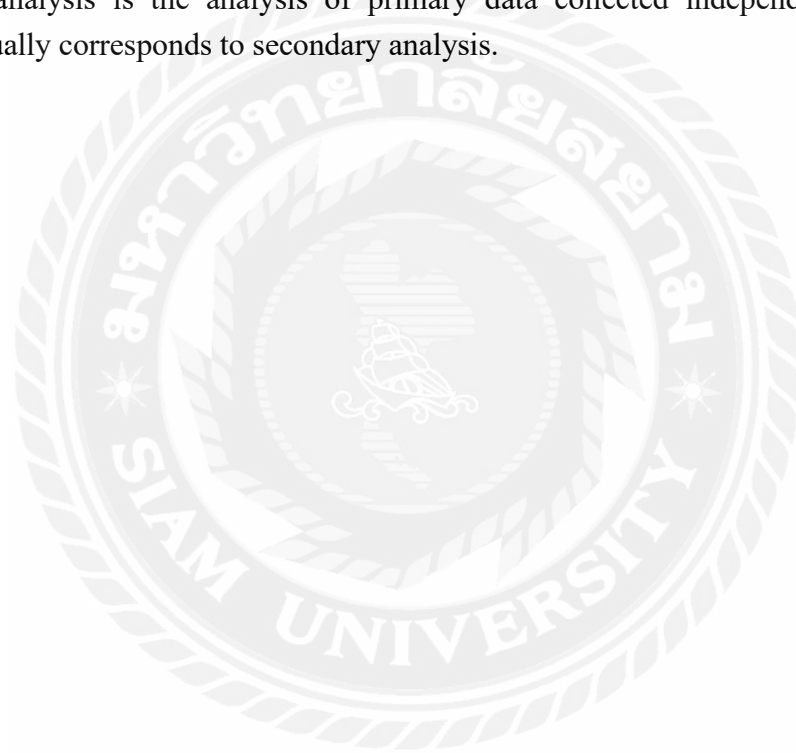
This paper uses the Porter's Five Forces model to analyze the five dimensions of existing competitors, threat of substitutes, bargaining power of suppliers, bargaining power of consumers, and potential entrants in the industry of Pang Donglai Trading Company to understand the competitive environment of Pang Donglai Trading Company and then optimize and adjust its own strategic planning.

2. SWOT analysis

SWOT analysis is a tool widely used in strategic planning to assess an organization's internal strengths, Weaknesses, Opportunities, and Threats' analysis helps to better understand the internal and external environments of Pang Donglai Trading Company, helping the organization to fully understand its internal and external environments and to make strategic decisions to maximize its strengths and minimize weaknesses, exploit opportunities, and respond to threats. By taking these factors into consideration, the organization can plan its future development path in a more targeted manner.

3.4 Secondary Data Analysis

Utilizing secondary data in research is known as secondary analysis. This is because as a research method, it saves time and money by avoiding unnecessary duplication of research efforts. Primary analysis is the analysis of primary data collected independently by the researcher and usually corresponds to secondary analysis.



Chapter 4 Findings and Conclusion

4.1 Introduction

This chapter focuses on analyzing the opening three issues: 1. the competitive environment of Pang Donglai Trading Company; 2. analyzing the competitive strategies of Pang Donglai Trading Company; and 3. providing recommendations for Pang Donglai Trading Company. Summarize the competitive strategies adopted by Pang Donglai Trading Company.

4.2 Competitive Environment Analysis of Pang Donglai Trading Company

This section focuses on the competitive environment of Pang Donglai Trading Company based on the Five Forces model and SWOT analysis, which is used to analyze the competitive strategy of Pang Donglai Trading Company.

4.2.1 Porter's Five Forces analysis model

4.2.1.1 Bargaining power of suppliers

In 2002, the Four Directions Joint Purchasing Organization of Henan Province was formally established, and the business of enterprises within the organization has parallelism and the supply market has homogeneity, and in the negotiation with the vast majority of suppliers, due to the larger volume of the organization, the organization has the initiative in the negotiation of most of the products. Although Pang Donglai currently operates a wider range of products and the supply chain behind tens of thousands of products is more complex, Pang Donglai Trading Company's high reputation, large volume, wide audience, and sufficient customer flow in the local area will give it a more proactive bargaining power in the negotiation with most of the suppliers. The cooperation between a large number of suppliers and Pang Donglai has allowed the cities of Xuchang and Xinxiang to gradually improve their retail industry chain, which has also brought certain benefits to Pang Donglai Trading Company's local competitors. In this case, Pang Donglai adopted the integration strategy and started to produce some products independently, realizing the integration of production, supply and marketing, strengthening the construction of its own brand, and further strengthening its control over the supply chain through the promotion of its own brand.

4.2.1.2 Bargaining power of consumers

Pang Donglai Trading Company's current main business is targeted at customers mostly in Xinxiang City and Xuchang City, Henan Province, mainly offline consumers. China's seventh census results show that Xinxiang City, Xuchang City, a total resident population of 10.63 million people, the proportion of the province of Henan Province is 10.7%. 2022 the first quarter of the per capita GDP of Xinxiang City 123,000 yuan, Xuchang City, the per capita GDP of 20,200 yuan, ranked third in Henan Province, in Henan Province, the overall

per capita consumer spending power is high. At present, consumers in China are diverse in terms of shopping channels, methods and modes, etc. If offline supermarkets want to get more customers, product quality, service quality, shopping environment, shopping experience, technical support, habit formation, and degree of association will all be factors affecting their success or failure. Comparing the competitors in Xinxiang and Xuchang, because of Pang Donglai Trading Company's higher overall product quality, better service experience, better shopping environment, and higher consumer loyalty, it takes more initiative in bargaining with consumers.

4.2.1.3 Competitors in the industry

Xinxiang Wanda Plaza, which opened on December 23, 2017, is located at the southwest corner of the intersection of Hongli Avenue East and College Street in Munye District, Xinxiang City, Henan Province, Xinxiang Wanda Plaza is the 237th Wanda Plaza opened nationwide, the 9th Wanda Plaza in Henan Province, and the third Wanda Plaza opened in 2017 in Henan Province, with an operating area of approximately 120,000 square meters. Xinxiang Baolong City Plaza, which opened on September 29, 2012, is located at No. 546, Xin Er Street, Hongqi District, Xinxiang City, with a total gross floor area of approximately 120,000 square meters, and the main commercial is Baolong's third-generation standard store, which holds more than 70% of the commercial area.

Xuchang Wanda Plaza opened on November 30, 2018, located at the southeast side of the intersection of Xudu Road and Weiwen Road, Weidu District, Xuchang City, Henan Province, Xuchang Wanda Plaza is the 271st Wanda Plaza opened in the country and the 13th Wanda Plaza in Henan Province, with a business area of approximately 115,000 square meters. Xuchang Hengyuantong Store of Xintian 360 Plaza, which opened on December 31, 2015, is located at the intersection of Wisdom Avenue and Kongchang Street, Weidu District, Xuchang City, Henan Province, with a total gross floor area of approximately 60,000 square meters.

The aforesaid major competitors of Pang Donglai Trading Company have large business area, gather many brands and cover a full range of business formats, which can satisfy the diversified consumption needs of consumers and affect the competitive environment of the cities in which Pang Donglai Trading Company is located. In addition, Pang Donglai's offline competitors in Xinxiang region include Dashang New Mart, Plain Shopping Center, Tianyuan Supermarket and Wanlong Shopping Plaza, etc.; and its offline competitors in Xuchang region also include Jiudi, Xindaxin, Happiness Vanguard and Haimao Supermarket.

4.2.1.4 Substitutes

Community group purchase, regional convenience supermarkets, 24-hour convenience stores, fresh bazaars, fresh orchards and other such small and beautiful, more convenient, faster retail model are increasingly favored by consumers, this model of the enterprise can quickly join the online retail platform, relying on the online retail platform can obtain more traffic, bring consumers a more convenient shopping experience, to obtain a certain area of

consumer loyalty. Since this model does not require too much start-up capital and technology investment, this business model is easier to copy, and companies can focus more on their own development.

Internet-based retail e-commerce companies started to gradually become the main alternative to offline brick-and-mortar retailers around 2011. As the number of online consumers tends to stabilize, consumer shopping tends to be experiential, diversified and customized. Although pure online retailing can no longer fully satisfy current consumer demand, retail e-commerce enterprises are still the most important substitutes for offline brick-and-mortar retailing enterprises, due to the fact that e-commerce platforms are the fusion of online retailing enterprises, which can provide a wider variety of products, more attractive prices, different shopping methods, and so on. major substitutes.

4.2.1.5 Potential Competitors

In the future, offline enterprises mainly focusing on physical retailing may have to face the impact of "new retail" enterprises in any city or location. At present, many new retail enterprises have started to change their regional choices, due to the greater pressure of competition in the relevant industries in first- and second-tier cities, and the lack of advantages over the housing prices, rents, and manpower costs in the third- and fourth-tier cities, more and more retail business giants have become more and more competitive. There is no advantage, more and more retail business giants began to change the idea of seizing the market of the third and fourth tier cities. FuXiaomei, F5 Future Store, Convenience Bee, MingchuangYoupin, Meicai.com, Box Horse Fresh Sheng, Daily Fresh, Jingdong to Home, and a host of other new retailers, through the empowerment of traffic, users, marketing, etc., so that their physical stores have the ability of online fulfillment and refined operation, user demand can be presented more scientifically through online big data, and the scope of business can be based on demand, including supermarkets, convenience, medicine and health, flowers and gifts, fresh fruits and vegetables, mobile phones and digital products. The business scope can include supermarket and convenience, medicine and health, flowers and gifts, fresh fruits and vegetables, cell phone and digital, printing and copying, personal care and beauty, clothing and clothing, furniture and home appliances, etc. according to the demand. The huge impact brought by these potential competitors is what Pang Donglai needs to deal with in advance.

4.2.2 SWOT analysis

4.2.2.1 Strengths

1. High-end positioning of food supermarkets: the food area in Pang Donglai Trading Company's supermarkets is gradually realizing high-end, drawing on the operational experience of Japanese supermarkets and focusing on refined and humanized management.

The product display meets the consumption habits of local residents, and the service facilities are perfect, forming a strong competitive advantage.

2. Scientific and accurate single product management: Pang Donglai Trading Company established a single product management system at an early stage. By real-time understanding of the sales and inventory situation, managers can flexibly adjust the product layout and improve the sensitivity to consumer demand. The real-time summarization of sales data verifies the rationality of decision-making, enabling Pang Donglai Trading Company to better respond to market changes.

3. Building of private brands: Pang Donglai Trading Company actively develops private brands in a variety of areas, including clothing, housing, and food. These private brands have achieved a certain market share, bringing competitiveness and long-term profit growth to the enterprise. In terms of the development potential of private brands, Pang Donglai Trading Company is expected to improve its competitiveness through innovative research and development and increasing product variety.

4. Fulfillment of social responsibility: Pang Donglai Trading Company focuses on fulfilling its social responsibility by paying taxes in accordance with the law from the perspective of legal regulation and at the same time paying attention to the environment and community. In terms of customer service, with the concept of "customer is God", we provide personalized service and shopping experience. We actively participate in public welfare activities, helping students and the poor, and making positive contributions to society.

4.2.2.2 Weaknesses

1. Positioning issues: The Pang Donglai Trading Company has obvious deficiencies in its positioning. Firstly, the match between the price of goods and the expected price level of customers is not accurate, resulting in the price of goods being higher than the range that customers can afford, which affects the sales performance. Secondly, the target group positioning is not clear and has not succeeded in attracting the attention of post-80s and 90s customers, while middle-aged and elderly customers are reluctant to choose due to price. In addition, the difference in pricing between food and department stores makes it difficult to form a synergy between the two types of customer groups. Pang Donglai Trading Company's image is also not clear, neither to create a unique "tall" image nor focus on the pursuit of profitability, resulting in ambiguous positioning and embarrassing situation.

2. High Operating Costs: Pang Donglai Trading Company faces the challenge of high investment in the retail industry. Manpower and leasing costs are major expenses, and with aging and rising cost of living, labor costs are increasing, posing a serious challenge to the labor-intensive industry. The lease model requires high rental expenses to be faced when store leases expire.

3. Slow Decision Making: Pang Donglai Trading Company has been slow in decision-making and has failed to fully capitalize on the golden period of retail development in China. Excessive attention to detail and obsolete rules resulted in inadequate response to

new market opportunities. Poor sensitivity to changes in customer demand and failure to adjust sales strategies promptly.

4. Inadequate talent pool: By the end of 2020, Pang Donglai Trading Company had a total of more than 7,840 employees of all kinds, most of whom were front-line salespersons. There are more than 670 management staff, with only 3% of the total staff with graduate education or above, 49% with bachelor's degree, 37% with specialized education, and the average age is 46.7 years. The average age is 46.7 years old. There are more than 6,690 employees at the basic level, with 23% of them having specialized education or above, and the average age is 37.4 years old. Overall, the average age of the management is large, which greatly leads to the lack of market sensitivity; the overall talent structure of the enterprise is defective, and there is a shortage of highly educated talents. With the rapid development of the retail industry, there is an increasing demand for high-level management talents, especially in the areas of supply chain management, operation planning, and application of modern technology, which seriously hinders the further development of the enterprise.

4.2.2.3 Opportunities

1. Increased purchasing power in the market

The population of Henan Province has increased, and at the end of 2017, the population living in Xuchang exceeded 6,705,000 people. In addition, the GDP of Xuchang has been growing continuously, according to the statistics, Xuchang achieved a GDP of 596.86 billion yuan, an increase of 6.9%, and the per capita disposable income of the urban residents in the previous three quarters was 26,047 yuan, along with the gradual increase of the people's income, the level of per capita consumption has also increased significantly. With the gradual increase of people's income, the per capita consumption level has also increased significantly. The gradual increase of people's consumption ability has also brought opportunities for the improvement of shopping mall sales.

2. Expanding Market Space

According to the relevant report, the new metropolitan area will form a large enough scale when it takes shape, with an overall area of more than 216,000 square kilometers, covering a population of more than 100 million people, occupying 2% of the total area and 10% of the population, which is a great good news for the shopping malls in Henan.

The expansion of market space will create great business opportunities for Pang Donglai Trading Company. However, the management of Pang Donglai Trading Company still needs to examine carefully how to recognize the consumption needs of consumers and turn business opportunities into sales performance.

4.2.2.4 Threats

The macroeconomy has been persisting in a market downturn and the business environment is extremely unfavorable. It may take a long time for the macro-economy to improve. There are a lot of threats to Pang Donglai Trading Company, which mainly include the following:

1. Fierce competition from the industry

The competition in China's retail industry is extremely brutal, with 26 department stores in the country forced to close in 2017 alone. The situation in the Henan market is even more unpromising. The rapid growth of commercial space also shows the rapid competition in the retail industry from only one angle. Pang Donglai Trading Company is basically "rivals everywhere", whether it is the dominant foreign industry, or local enterprises, not to mention shopping centers and supermarkets largely forming a danger to Pang Donglai Trading Company. Especially in recent years, Carrefour and other supermarkets have not achieved much localization and have a very high degree of customer fit. In addition, local supermarkets such as Lumax have also greatly improved their management level. These levels of pressure will finally bring Pang Donglai into an endless price war, which is the opposite of Pang Donglai Trading Company's previous concept of "winning with quality".

2. Impact of online shopping

The rise of online shopping to the traditional department store industry has had a great impact. Relevant data shows that from 2011 to 2017, both the number of network users shopping, and the scale of e-commerce transactions showed a rapid increase in the trend, in 2017, China's online shopping transactions amounted to 15.2 trillion yuan, an increase of 35.7% over 2016. From this data, online shopping has exceeded people's imagination, and the development speed and scale are expanding rapidly.

Undoubtedly, the impact of online shopping on the traditional retail industry is also extremely obvious. Not to mention the fact that big online shopping platforms such as Jingdong and Tmall are extremely convenient and attractive to consumers, coupled with the fact that Chinese people attach great importance to price, online shopping has gained popularity among most of the population. The previous increase in commercial rent and labor costs has made it more difficult to operate, and there is no countermeasure to the impact caused by the Internet.

However, this does not mean that the traditional department stores will inevitably be replaced by e-commerce, shopping immediacy, after-sales convenience, and even one-on-one personalized service is unmatched by online shopping.

3. Changes in consumption structure and habits

Along with the progress of the domestic economy, the composition of the population's consumption has changed significantly. First, the proportion of subsistence consumption is gradually shrinking, while the proportion of development and enjoyment consumption is gradually rising. Whereas previously residents focused on purchasing food, clothing, and even daily commodities, now automobiles and housing have become major components of

consumption. Second, the proportion of food consumption is slowly decreasing, while the proportion of service consumption is gradually increasing. People used to buy goods with money, but now more people are spending money on education, healthcare, and many other tertiary sectors. Third, different purchasing power consumption levels of the hierarchy are more distinct. According to the pyramid situation shown by the current population consumption group, the consumption carried out by the high-income class is also categorized as affluent consumption, and the number of people occupying the upper level of the pyramid in this area is very small. The consumer group occupying the middle level of the pyramid, whose consumption is characterized by the transformation of the well-off type to the affluent type, has been adjusted from the pursuit of quantity to the pursuit of quality, and there are many people in this area. The number of low-income groups at the bottom of the pyramid is very large, and their consumption is still dominated by subsistence.

After analyzing the Porter's Five Forces and the SWOT analysis, Pang Donglai Trading Company faces a highly competitive environment. Supplier negotiating power is strong. As it relates to the Four Directions Joint Purchasing Organization in Henan Province, but attention needs to be paid to the integration strategy of independent production. On the consumer side, the company has higher product quality and service experience in high-GDP cities such as Xinxiang and Xuchang, which enhances its negotiation initiative with consumers. The industry is highly competitive, competing with large shopping centers such as Wanda Plaza, as well as facing stiff competition both online and offline, requiring strategies to maintain market share. The rise of substitutes, such as community group buying and online retail platforms, poses a threat to the company and the need to respond to changing consumer preferences in a timely manner. Among potential competitors, new retailers are emerging, and the company needs to respond to these potential threats in advance. Therefore, Pang Donglai Trading Company should adopt differentiation strategies, enhance supply chain control, and improve customer loyalty to maintain competitive advantage in the competitive environment.

4.3 Competitive Strategy Analysis of Pang Donglai Trading Company

Pang Donglai Trading Company has chosen a differentiated competition strategy in the current retail market, focusing on four aspects of differentiation: organizational structure, commodities, marketing and services. In terms of organizational structure, the strategic management center was established through optimization and adjustment to ensure the smooth implementation of the differentiation strategy. In terms of commodities, the focus will be on increasing the proportion of private brands and implementing differentiated pricing strategies. In terms of marketing, it will make full use of the convenience store business to create omni-channel retailing and realize online ordering and offline delivery. In terms of consumption scenarios, Pang Donglai Trading Company plans to combine with the Internet boom to create experience points of consumption scenarios with corporate characteristics to attract consumers. In terms of service, it emphasizes innovative product sales services to

achieve unity in service quality between online and offline. This series of strategic initiatives aims to enable Pang Donglai Trading Company to maintain its competitive edge in the highly competitive retail market and meet the needs of consumers at different levels.

4.3.1 Organizational differentiation

Pang Donglai Trading Company chooses differentiated competition strategy, and the improvement and standardization of the organizational structure provides the most basic institutional guarantee for the development of the enterprise, and determines whether the differentiated strategy can be implemented in the enterprise. From the viewpoint of the development history of Pang Donglai Trading Company, every major strategic transformation stems from the vision and decision-making preference of the core decision-making level, without the support of corresponding strategic decisions. In order to be invincible in the future competition, it is necessary for Pang Donglai Trading Company to optimize and adjust its organizational structure, set up a strategic management institution, and establish a strategic management center on the basis of the existing organizational structure, whose main function is to coordinate the formulation of corporate strategy and the implementation of strategy based on the future development of the enterprise, after the optimization and adjustment.

4.3.2 Commodity differentiation

With the continuous evolution of the retail market and the increasing diversification of consumer needs, Pang Donglai Trading Company not only has its own branded merchandise, but also actively adapts to the complexity of the market by formulating differentiated product hierarchical pricing strategies to satisfy the needs of consumers at different levels in a more precise manner.

1. Proportion of private label goods

The enterprise's own-branded goods have higher cost-effectiveness and can fully attract consumers' attention, and through the differentiated business model, it can expand the sales space of goods and obtain higher profits. At present, Pang Donglai Trading Company's own brand products account for 20% of the total. To achieve this goal, the company needs to set up an independent brand management team, which is mainly responsible for the development, positioning, product processing, merchandising, promotion and personnel management of the private label products, all of which need to be carried out in a further unified planning rhythm.

2. Differentiated pricing strategy

In the face of a complex and volatile retail market, the Pang Donglai Trading Company has developed a differentiated product hierarchy pricing strategy to meet the needs of different consumer levels. By categorizing product pricing into levels such as high-end department stores, pharmaceutical products and daily necessities in supermarkets, the Group aims to more accurately reflect the quality and added value of different products, thereby increasing overall sales.

3. Hierarchical pricing of products

Pang Donglai Trading Company priced its products hierarchically. High-end department stores and pharmaceutical products may be priced higher to reflect their higher quality and added value. General daily necessities in supermarkets may be in a more affordable price range to appeal to a wider range of consumers. Through this pricing strategy, the Group can meet the needs of consumers at all levels and increase overall sales.

4. Own-brand preferential policies

The Pang Donglai Trading Company has introduced a preferential policy for its own brands. Consumers who purchase private label products can enjoy additional discounts or bonus points. Such incentives encourage consumers to try and buy private labels, thus increasing the share of private label sales.

5. Membership and loyalty programs

Pang Donglai Trading Company has introduced a membership program. Members enjoy privileges such as regular exclusive discounts, birthday gifts and point rewards. Such a program encourages consumers to become loyal members, shop frequently and gradually increase their loyalty to the Group.

6. Market research and feedback mechanism

The Pang Donglai Trading Company conducts regular market research and understands the changes and needs of the market through the consumer feedback mechanism. Based on market feedback, the Group can flexibly adjust its pricing strategies to ensure that product prices are in line with market trends and consumer expectations.

Through the implementation of these differentiated pricing strategies, the Pang Donglai Trading Company has successfully created diversified sales scenarios in the retail market to meet the needs of consumers at different levels and increase brand awareness and market share.

4.3.3 Marketing differentiation

During an epidemic (2020-2022), Pang Donglai Trading Company responded quickly to the market changes and fully grasped the development trend of the "House Economy" and new retailing to adapt to the changes in consumer behavior.

1. Omni-channel retail strategy

Accelerating the realization of omni-channel retailing: Pang Donglai Trading Company strengthened the integration of online and offline channels to build an omni-channel retailing system. Through the close cooperation between online shopping malls and brick-and-mortar convenience stores, we provide a more flexible and convenient shopping experience.

2. Operation cost optimization

Reduce the operating costs of convenience stores: Reduce the operating costs of convenience stores through refined management, supply chain optimization and technical support. The short capital turnover cycle and relatively high rate of return will help the company better cope with the pressure of market competition.

4. Online ordering and offline delivery model

Drawing on successful cases: Learning from successful models like Jingdong Convenience Store, the company has launched online ordering and offline delivery services. Consumers can place orders through the online platform, and then about the convenience store for real-time or timed delivery of goods to improve the convenience of shopping.

5. Construction of branded convenience store chains

Utilizing advantageous resources: Relying on the advantageous resources of Pang Donglai Trading Company we construct branded convenience store chains. Through standardized operation mode, high-quality goods and services, we will enhance the brand image of convenience stores and attract more consumers to choose.

6. Market positioning and service upgrading

Distinguish market segmentation: target market segmentation by accurately positioning consumer demand in different regions considering the characteristics of the Xuchang market. Different regions may have different consumption characteristics, needs and shopping habits, and the company may formulate corresponding business strategies.

7. Enhancement of service quality

Emphasize the service quality of convenience stores to ensure that the quality of goods and the level of service can meet the needs of consumers. Through the training of convenience store staff, their professionalism is enhanced to improve service quality.

Through the above initiatives, the company will be able to flexibly adapt to changes in the market, seize the opportunities of the "home economy", rapidly develop its new retail business, and consolidate and expand its competitive position in the retail market.

4.3.4 Service differentiation

1. Innovation in product sales services

Pang Donglai Trading Company has launched a VIP membership program to provide a unique service experience for high-end customers. Members enjoy exclusive human butler services, including customized product recommendations, fast order placement, and regular exclusive promotions. This value-added service has increased business revenue through membership fees.

2. Unified quality of online and offline services

Pang Donglai Trading Company realizes the consistency of online and offline services through its omni-channel unified membership system. Consumers can pick up or return goods at nearby physical convenience stores after placing orders online, ensuring seamless service.

3. Social media and user engagement

Pang Donglai Trading Company actively utilizes social media platforms to conduct online community activities. By inviting customers to share photos, reviews and experiences of using the products, it has increased user participation and improved brand exposure on social media.

The company launched online interactive activities through social media platforms, such as lucky draws and punch card sharing, to encourage customer participation and enhance user loyalty. Such innovative services strengthened the interactive relationship between brands and customers, making shopping more fun and engaging.

Through these innovative services, Pang Donglai Trading Company has not only improved its service quality in the retail industry, but also created a more attractive shopping experience, consolidated customer loyalty, and provided strong support for the company to maintain its competitive edge in the highly competitive market.

4.4 Suggestions for Pang Donglai Trading Company

Through the above SWOT analysis Pang Donglai Trading Company has achieved a certain degree of success in the competitive strategy of differentiation, but behind this there are still some problems or to be improved in this paper puts forward four suggestions.

4.4.1 Organization and Human Resource Guarantee

Human resources is the foundation of enterprise development, the concrete implementation of enterprise competition strategy cannot be separated from the support of human resources, Pang Donglai Trading Company to innovate the business model, there must be professional support for high-end technical personnel, therefore, the need to improve the management of human resources team, improve the existing personnel structure and optimize incentive model, to create a perfect, professional human resources management model. Enterprises need to establish a perfect talent pool planning, at the same time, the company should carry out regular training and learning for existing employees, encourage employees to actively participate in the company's various training and learning activities, enhance the company's staff and improve their skills.

Encourage employees to actively participate in the company's various training and learning activities to improve the comprehensive quality and business ability of the company's employees. In terms of age and education, the front-line sales staff and after-sales service staff are the signboard of the company, the age structure should be rejuvenated, and the service skills should be professionalized; the educational requirements for the management staff should be further upgraded, and the middle and above management staff should be required to have a college or bachelor's degree or have received professional training. The educational requirements for managers should be further upgraded. In turn, there are more systematic requirements for the level of personnel training, enterprises should regularly conduct business skills training for front-line sales staff, and implement a layered and intensive training model in the professional force. Regular business skills competitions, from the internal discovery of outstanding business personnel, to carry out the model of passing on training, supplemented by inviting professional training institutions. In terms of talent introduction, in order to adapt to the innovative development of the retail industry in the context of the Internet economy era, Pang Donglai Trading Company should actively introduce high-end technical professionals to provide talent support for the construction of the online shopping mall and broaden sales.

4.4.2 Implementation of Supply Chain Optimization Project

Supply chain management of retail enterprises plays an important supporting role for enterprises, and the responsiveness of the supply chain will directly affect the competitiveness of retail enterprises. To improve the supply chain level of retail enterprises, it is necessary to rely on modern scientific technology to improve the intelligence of the supply chain, and to enhance the competitiveness of the whole enterprise by strengthening the front-end sales capacity of the enterprise. As a traditional retailer with a long history, Pang Donglai Trading Company has been improving its supply chain management capability, but there is still a big gap with the excellent supply chain of large-scale domestic famous retail brand enterprises. Pang Donglai Trading Company must build an intelligent supply chain management data analysis platform, upgrade its logistics system and warehousing system through accurate prediction and analysis of inventory control to optimize the whole supply chain. At the same time, it strives to cooperate directly with manufacturers to expand the sales area and market scale of self-owned products, fully optimize resources at all levels of the supply chain, reduce the operating costs of enterprises, improve and enhance the management ability and operational efficiency of enterprises, and ultimately realize more corporate value.

4.4.3 Technological Innovation

The development of science and technology promotes the progress of all fields of society, and autonomous innovation as a major trend in the development of the retail industry has brought a powerful impetus to the retail industry. Emerging technologies in the retail industry are characterized by interconnectivity and systematic intelligence, which have upgraded the consumer experience while improving the efficiency of commodity circulation, controlled the operation cost in a more reasonable way, and brought about the upgrading of the consumption mode. The retail industry uses cloud computing to accurately capture consumer big data and grasp consumer demand.

The retail industry uses cloud computing to accurately capture consumer big data, grasp the changes in consumer demand, and then complete product upgrades and improvements.

Pang Donglai Trading Company should grasp the new development opportunities brought by technological innovation in the industry, introduce professional and technical talents, explore the independent innovation of the sales model, rely on big data, artificial intelligence and other advanced Internet technologies, establish an online and offline interconnection platform, rely on the rich experience of offline operation, improve online and offline connectivity services, and optimize the resources and integrate resources while expanding the sales channels. Provide consumers with a more convenient shopping experience.

Chapter 5 Recommendations

This paper uses Porter's five forces analysis and SWOT analysis to find the following problems in Pang Donglai Trading Company's strategy and puts forward corresponding suggestions.

First of all, in terms of the supply chain, although Pang Donglai Trading Company has a huge supply chain, due to the lack of corresponding talent management, its supply chain lacks sufficient flexibility to respond to emergencies, so during the epidemic, Pang Donglai Trading Company had to close down through layoffs. Stores and other means to respond.

In order to deal with supply chain management issues, companies should strengthen team training and improve professional levels in crisis management and emergency incident handling. At the same time, digital technology is introduced to optimize supply chain management and achieve real-time monitoring and intelligent adjustment. It is recommended to strengthen collaboration with partners to jointly develop emergency response plans. Conduct regular supply chain risk assessments and develop improvement plans to improve the resilience and adaptability of the supply chain. These measures help ensure the robust operation of the company's supply chain under different scenarios.

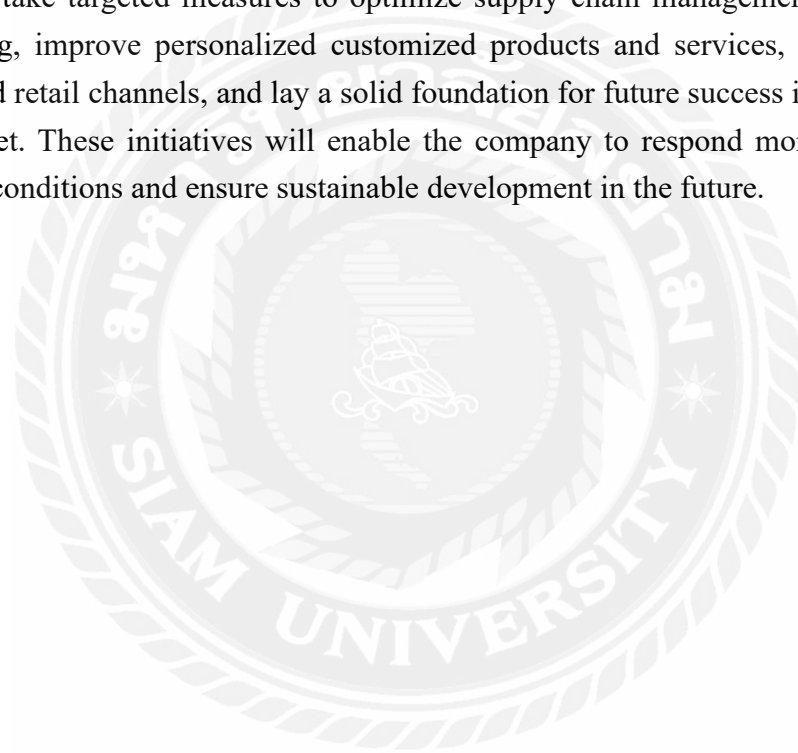
Secondly, there are some problems in market positioning, including unclear positioning and the attractiveness of the target consumer groups.

In order to improve the attractiveness of target customers, companies should conduct in-depth market research, clarify the company's core competitive advantages, redefine target customer groups, adjust marketing strategies, strengthen brand image, and continuously monitor and adjust. By comprehensively understanding market demand, and competition, and identifying unique value, companies can formulate more targeted marketing strategies, strengthen brand image, ensure close connections with target customers, and thereby enhance market competitiveness. The organic combination of these steps will help the company find a clearer positioning in the highly competitive market and increase its appeal to target customers.

Third, in order to better respond to market competition, especially the impact of new retail, the traditional retail industry is facing problems such as online and offline integration and changes in consumption habits. Companies need to recognize this challenge and gain a deep understanding of consumers' new habits and trends, as well as the impact of new retail models. Secondly, through digital transformation, we can strengthen the construction of online channels, improve the online shopping experience, and meet the diversified needs of consumers. We integrate online and offline resources to build a multi-channel sales system to achieve complementary and coordinated development. Strengthen data analysis and artificial intelligence applications to gain better insights into the market and personalize products and services to improve competitiveness. Overall, actively embracing new retail trends and flexibly responding to market changes are the keys to the success of the traditional retail industry in the new era.

Fourth, regarding the expansion of new markets, Pang Donglai Trading Company has been limited to Henan Province, and its sales channels rely too much on offline retail stores. In the current complex and ever-changing market environment, the company needs to pay attention to market expansion issues. If a company stagnates and relies on too much a single market or sales channel, it may miss out on potential growth opportunities. Therefore, actively looking for new market expansion opportunities, opening up new sales channels, and entering new geographical markets can provide the company with more business growth points, increase market share, and reduce operating risks. This proactive market expansion strategy helps the company better adapt to market changes, improve competitiveness, and ensure long-term sustainable development.

In summary, Pang Donglai Trading Company has a series of challenges in the supply chain, market positioning, new retail, and market expansion. Through these comprehensive measures, the company can take targeted measures to optimize supply chain management and clarify market positioning, improve personalized customized products and services, breakthrough single markets and retail channels, and lay a solid foundation for future success in the fiercely competitive market. These initiatives will enable the company to respond more flexibly to uncertain market conditions and ensure sustainable development in the future.



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