

## Research on Business Strategy of BBG

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**Abstract.** Business strategy is a vital factor which determines whether the business operation is successful. In this paper, we take BBG as an example to study its business strategy in medium and small cities. First of all, this paper introduces the development of retail industry at home and abroad and related theories. And then, we study the environment of BBG by PEST analysis in detail in order to find out the positioning of BBG and examine the correctness of the strategy. After that, we make use of SWOT analysis to know the industry environment, competition, business resources and other aspects of BBG to find out its advantages and disadvantages. Finally, we put forward some suggestions and safeguard measures based on above study.

### Introduction

With the development of economic globalization, all countries and businesses aim at the Chinese market, which leads to the competition in enterprises gradually shifted from the competition among domestic enterprises to the competition among the same industries in the world. However, in the domestic market, electronic and information industry from foreign enterprises occupy the majority of market share. In contrast, most domestic enterprises can only compete for a small part of their market share. Therefore, the domestic retail enterprises that want to survive and develop face great challenges. However, the gradual introduction of the state policy of encouraging the establishment and development of small and medium-sized enterprises also brings opportunities to the domestic small and medium-sized retail industry. How does BBG develop persistently in small and medium-sized cities where there are lots of foreign giants and filled with fierce competition? How to seize the opportunity to increase market share and maintain the sustainable development? All these problems are the difficulties that enterprises must face in order to survive and develop. Therefore, only in this way can enterprises gain more market share, enhance corporate reputation, make profits, and continue to develop in the industry.

### Theory Development

The modern chain industry originates from America and has a great development in there. Therefore, America is one of the most developed countries in chain industry. Founded in 1859 in the United States, the Atlantic and Pacific Tea Company is the first modern chain organization. In 1929, it had a pretty scale with 17,000 stores and the annual turnover of the company reached 750 million dollars.

The Wheel of Retailing Theory that the retail organizational changes have a cyclical trend which is similar to rotating wheels is put forward by American retail expert Professor M. Michael [1]. He believes that the retail that newly entered market will initially adopt low-cost, low-cost and low-margin business development policies. When companies gradually success, they will inevitably arouse the imitation of others who want to enter the market.

Therefore, the wheels will turn again.

In 1966, Danish scholar Nielsen put forward Vacuum Hypothesis [2]. Nelson argues that the price is proportional to the service, and high prices to provide high quality service, whereas the low price is low service. As a result, different sales formats operate price and service levels based on their marketing strategies to meet the needs of particular target consumers.

Wang Yonggui mentioned that the development trend of supermarket in information society makes the suburbs become its main location [3]. Computer and information technology will be even more important in the future supermarket market such as computer-assisted services. For instance, coupon redemption, e-shop catalogs and ATM will be widely used. Zhu proposed that the management of the supermarket has the basic characteristics of low-cost, low interest rates and high traffic [4]. Cagliano A.C. discusses the development of supermarket enterprises in our country from the aspects of supply chain management [5]. Sun Shengxue analyses how Chinese supermarket chains develop in small towns in detail [6].

## **The Situation Analysis of BBG**

**PEST Analysis.** (1)Political and legal environment. Political and legal environment is the first layer of basic environment in which enterprises are located. Enterprises cannot change the political and legal environment in which they operate. They must fully understand the political laws and regulations in their respective countries and regions and make corresponding decisions. In 2013, for the first time, the State Council officially made clear policy support for cross-border e-commerce. With the promulgation of this policy, the development of cross-border e-commerce has been supported. The new mode of online shopping has been further developed, which brings another impact to the traditional retail industry.

(2)Economic environment. The economic environment is the second layer of environment in which enterprises are located. Enterprises must make clear judgments base on the economic development situation and trend of the authorities, which is closely related to the future development direction and prospects of enterprises. However, due to the slowdown of economy, the rise of consumption, the rise of emerging industries and the rise of internet and mobile shopping, the traditional retail industry has had a tremendous impact. The rising real estate and labor force have brought tremendous pressure to the real retail industry.

(3)Social environment. The social environment is the third layer of environment in which the enterprise is located. The social environment includes the humanities culture and consumption concept in the area where the enterprise is located. When enterprises enter a new market, they must conduct a thorough investigation of the local social environment because it directly affects the suitability of enterprises into this new market.

(4)Technical environment. Technical environment is the fourth layer where enterprises are located. The technology and industry both have a rapid development in information technology era. China Chain Store & Franchise Association (CCFA), China Supermarket Business Association and National Bureau of Statistics will issue some industry analysis reports and industry development trends so that enterprises can quickly grasp the industry trends.

**Analysis of the Current Situation Based on SWOT.** From Table 1, it can be seen that the preferential policies that the government encourages the development of small and medium-sized enterprises are beneficial to the development of BBG. The rapid development of technology and the modern management methods based on electronic information technology provide BBG with management support such as EOS, MIS and POS. With the continuous improvement of gross national product, consumer spending in small and medium-sized cities is also rising continuously, which gives BBG an opportunity to tap the market potential in small and medium-sized cities. However, due to the existence of Wal-Mart, Carrefour and other industry giants, BBG will also face the threat of the industry giants. The emerging of more and more shopping websites and changes in consumer demand caused by WeChat and microblogging sales models also have a harmful impact on the strategic development of BBG. BBG has a complete logistics and distribution center to ensure the normal operation of the supermarket supply system. Compared to small supermarkets and convenience stores supermarket chains, therefore, BBG have the price advantage. As for the internal structure of BBG, the problem of brain drain is serious because of the complicated management of supermarkets. As for the internal structure of BBG, the problem of brain drain is serious. There are lots of problems that communication barriers among various departments and the frequent loss of goods because of the complicated management of supermarket The service levels of

service personnel who have direct contact with consumers are limited and the service level needs to be improved.

Table 1 SWOT analysis of BBG

Opportunities	Threats
<ul style="list-style-type: none"> <li>➤ Low-cost expansion opportunities</li> <li>➤ The consumption level of small and medium-sized cities has been improved</li> <li>➤ The rapid development of science and technology brings advanced modern management methods</li> <li>➤ The government encourages the development of small and medium-sized enterprises</li> </ul>	<ul style="list-style-type: none"> <li>➤ Industry giants enter the small and medium-sized cities' market</li> <li>➤ Emerging formats such as online shopping rise</li> <li>➤ Changes in consumption demand structure</li> <li>➤ New market development difficulty factor</li> </ul>
Strengths	Weaknesses
<ul style="list-style-type: none"> <li>➤ Sales of local leading enterprises have been growing rapidly</li> <li>➤ Price advantage of chain supermarkets</li> <li>➤ Online supermarket development changes sales model</li> <li>➤ Corporate own logistics distribution</li> <li>➤ Successful listing brings financial advantages</li> </ul>	<ul style="list-style-type: none"> <li>➤ Talent loss problem is serious</li> <li>➤ Communication barriers in supermarket departments</li> <li>➤ The problem of loss of goods is serious</li> <li>➤ Terminal service staff needs to be improved</li> </ul>

### Choices of Development Strategy Based on Medium and Small Cities

**Strategic Choice.** (1)Defense strategy. The defense strategy is for cities where BBG already has a large share of the market [7]. Due to the low barriers to entry in the retail industry, there is always the threat of potential competitors. Therefore, the BBG must take a defense strategy to guard against threats from existing competitors and potential entrants and preserve market leadership.

(2)Provincial strategy. For new markets under development, BBG must make full use of its corporate resources to actively and reasonably expand outlets, without limiting the size of its outlets and forming a full-scale layout. This approach is conducive to the rapid formation of economies of scale in this region and reduces costs. And then, this is helpful to the formation of regional barriers to competitors, avoid risks and quickly return of funds to enhance the strength of enterprises.

(3)Missing strategy. BBG can aggressively develop markets that do not covered by industry giants so as to avoid confrontation with powerful industry giants and make it more easily to develop than cities with highly competitive markets. In addition, the development of new markets does not limit the direct management operation. Franchising also can access to economic benefits.

**Strategic Innovation.** (1)Innovation from supermarket shopping guide to buyer. Traditional shopping guides generally only guide and lobby consumers, which is difficult to attract consumers to buy and even if excessive use will cause consumer dissatisfaction. And buyers are in the micro-blog, WeChat and other new platforms to demonstrate their own personal demonstration of one product to the consumer [8]. This method often quickly captures the desire of the target consumer groups to promote consumption. BBG can improve their corporate brand awareness and consumer delight.

(2)Innovation in the production of private label goods. Traditional supermarket chains focus on providing customers with convenient and comfortable shopping places and are characterized by low prices, which leads to there is almost no supermarket chain to create their own brand products. BBG can create its own brand in some filed and expand the business scope.

(3)Innovation of stores with different consumption levels. Different consumer groups have different levels of consumer demand. BBG can break the traditional supermarket chains' position

which is only low-cost and high-quality. And then, BBG should create different level stores for different consumer groups where there are small high-end convenience store formats, medium-sized high quality supermarkets and large low-priced supermarket chains.

(4) Innovation of sales model. BBG should change the form of fixed single entity store, and innovate in the direction of website and mobile client [9]. The combination of online and offline sales model will bring greater profit space and consumer base for BBG.

### **BBG Strategy Implementation Safeguard Measures**

**Scientific Site Selection.** For supermarket chains, if they want to achieve business success, the basic requirement is to pay attention to the location of the store. The meaning of location is not only the location of the store's choice, but also the geographical choice of the strategic layout of the area and the choice of area. In the shopping district and store location, BBG should set up or invite professional market researchers to conduct a full investigation and practice to have a scientific positioning and make an accurate site selection, which is to avoid blind location and blind expansion and ensure the quantity and quality of stores so that achieve rapid and steady development.

**Provide Better Service.** High quality service not only can improve customer satisfaction and customer favor, but also can set up a good corporate image for enterprises and bring a lot of additional value to the enterprise. BBG must be aware of the importance of quality service and carry out the training of service personnel regularly. Running through the BBG "to create a better life" mission to every supermarket employees, which is to service consumers with a smile and offer high quality service for customer.

**Establish an Efficient Organizational Structure.** Strengthen human resources management. BBG should strengthen internal staff training, attract external talents and strengthen staff management. The main approach is to strengthen performance management and formulate policies and benefits that attract talented people. In addition, BBG must pay special attention to staff training and development, improve work efficiency and reduce operating costs so that employees will have a good understanding of the company's culture and the implement of the company system.

**Strengthen the Construction of Enterprise Culture.** If enterprises want to truly gain market share and achieve economic benefits, they must popularize and deepen corporate culture [10]. When strengthening the construction of enterprise culture, we should pay attention to several points: Firstly, corporate culture should be matched with the corporate strategy so that it has adaptability and is more suitable for the long-term development of the enterprise. It will not bring the enterprise into misunderstanding. Secondly, we must fully strengthen the corporate culture. BBG, as a supermarket chain, has a wide range of staff in many cities strategic layout. Therefore, it needs to create diversified values that are benefit to enhance communication among employees. Thirdly, the establishment of a learning organization is necessary.

**Strengthen the Construction of Information Management System.** Nowadays, if the support of enterprises leaving the information management system cannot operate at all, BBG should strengthen the construction of information management system and lay the foundation for the normal operation and scale expansion of the enterprise. Strengthen the construction of information management system to achieve the following points: First, the scientific and technological content of the information management system should keep pace with the development of contemporary technology. Second, strengthen technical personnel training. BBG must pay attention to the strengthening of technical personnel, which not only for system development capability and system operation ability but also for staff to enhance the ability of information acquisition and analysis training. Third, management should pay attention to the analysis and processing of information. To effectively analyze information and respond to the results of the analysis is to achieve the value of information. Fourth, establish a rapid response mechanism for information. The market is unpredictable. The information derived from the market is time-sensitive. Therefore, enterprises

should respond quickly to changes in the market, which is helpful to effectively use the information to achieve information management.

## **Conclusion**

Taking the BBG supermarket chain as an example, this paper makes a detailed analysis of the political and economic legal environment in which BBG operates. And then, we use the SWOT analysis to discuss the internal and external status quo of the BBG supermarket chain. The development of local supermarket brand has a certain reference value. The research has the following conclusions: First of all, the development of the supermarket chain industry has reached a crucial stage. The long-term development of enterprises must face innovation and reformation. BBG has realized this and has taken a step to comply with the development of the times. The establishment and promotion of Cloud Monkey Network and the establishment of WeChat and Weibo officially provides consumers with better services. Second, BBG supermarket chain has better resources: a sound logistics and distribution center, the successful listing of funds to bring. These resources have brought a competitive advantage to BBG. Finally, the right strategic choice consistent with the long-term development goals of the enterprise is conducive to sustainable development.

Based on the above analysis, we put forward lots of solutions for the long-term development of BBG: First of all, innovation and reformation is the first step. Sustainable development can only be achieved without being eliminated by industry. Second, in the future development, BBG supermarket chain must be large-scale, sophisticated and own brand. Finally, the implementation of the strategy must also have a strong organizational structure, organizational culture, organizational. So we give some suggestion in the scientific site, business services, corporate culture, corporate structure and enterprise technology. Although this paper analyzes the enterprises from the inside and outside aspects, due to the limitation of data, theory of reference and not enough theoretical level, there are inevitably some shortcomings. For some aspects of the enterprise, the research may not be involved and further learning is needed.

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