

# THE MARKETING STRATEGIES OF BHG LIFESTYLE MARKET IN NANNING, GUANGXI\*

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## Abstract

Chinese traditional supermarket chain industry faces strong competition and into plight. Due to the e-business become mature gradually, many foreign supermarket grab market by co-operating with e-business, Chinese many supermarkets face with strategies adjustment. In order to regain market shares and develop a domestic brand, the enterprise needs to select a set of marketing strategies combination to fit customer's different need, to attract customer purchase and like purchase here. BHG Lifestyle market belongs to the local Chinese supermarket brand, after years of operation, enterprises reached a stable state. In Nanning, BHG Lifestyle Market has more than 20 years experiences of business, like the one of domestic supermarket leader in China, their market strategy has reference value for another local supermarket chain. In this research, researcher study the market strategies of BHG Lifestyle Market based on 4ps of the marketing mix, and to establish the STP model for find segment market, target market and positioning of BHG Lifestyle Market. The quantitative method has been used in this study.

**Keywords:** Supermarket; BHG Lifestyle Market; STP; 4Ps.

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## Introduction

Retail business is one of the important leading industries of the national economy, and directly affects and promotes economic growth and the people's quality of life. According to the report of the National Bureau of Statistics of the People's Republic of China, compared with 2015, China's GDP increased by 6.7% in 2016. The national income and GDP keep steady increase; the consumer market is stable and has a promotion.

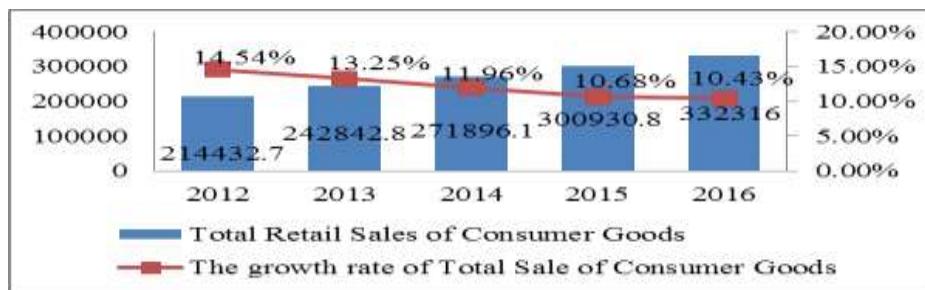


Figure1: 2012-2016 Total Retail sales of Consumer goods and Growth rate

Source: National Bureau of Statistics of the People's Republic of China

According to Figure 1, Chinese total retail sales of consumer goods reached 33.2316 trillion Yuan, increase 10.43% compared with 2015. Follow the economic grow, people's income and consumption upgrade bring development power for the retail industry. The retail industry has a broad prospect to develop.

After China enter the World Trade Organization (WTO) and cancels some restrictions for foreign ownership, the retail industry of foreign investment was liberalized completely. supermarket business faces biggish challenges because of foreign large retail groups has the absolute advantage in resources, capital, technology, operation, and management. (Gao, D., 2017) China will become the main battlefield of the international retail industry. (Zhang, J., 2013) Chinese domestic supermarket faces the largest challenge.

On the other hand, China's e-business rapid developments, the Chinese retail market of total online transactions exceed America and become the largest online retail market around the world. According to China's online retail market data monitoring report (2016) shows, China's online retail market total transactions reach 2.314194 trillion Yuan in the first half of this year and up 43.4% compared with 2015. Electronic commerce rapid development will aggravate the internal competition of the retail industry and bring many management problems for the supermarket chain. Under the new economic status, entity retail will face more and more pressures.

Nanning is the permanent venue of China- ASEAN Expo, as the capital city of Guangxi, is also the important city of China to develop cooperation with

ASEAN. Guangxi with a strong location advantage and policy support, a benefit for the development of the enterprise, the internationalization of Chinese brand. In Nanning, BHG group has the most supermarket branches than another supermarket who top 100 chain enterprise. Another supermarket chain of Top 100 supermarket chain all has less than 10 branches in Nanning.

BHG Lifestyle market is one of the China leading domestic supermarket, is main business unit in Beijing Hualian Group, Beijing Hualian Group was one of the 15 largest retail enterprises supported by the Ministry of Commerce (MOFCOM), was the only Chinese retail business member in the International Association of Department Stores (IADS) and was also the only Chinese retailer board member of the Global Consumer Groups Forum.

BHG Lifestyle market headquarters in Beijing, Stores are located in Northeast, North China, Northwest, East China, Central China, Southern part of China and Southwest, operation area reaches 1281.9 thousand square meters. Business formats involve self-operation mode (main business format), joint operation mode and operating leasing mode. The company used self-operation mode to gain purchase and sale price differential, bear the risk in the course of business operation; through joint operation mode for gain a certain proportion of the money; through operating leasing mode for gain rental income. In 2016, the operation revenue of BHG Lifestyle Market is 11.19 billion Yuan, the gross profit rate is 20.28%, and it was 9.75% higher than the previous year.

In recent years, foreign supermarket shows new retail cooperation with e-business, they establish an online and offline supermarket, to attract many people to purchase and grab market share. Chinese domestic retail supermarket faces strong competition and adjusts strategies, many businesses tried new retail and fall through. BHG Lifestyle market as Chinese domestic supermarket and national supermarket, with the correct target markets choice and effective marketing strategies, own the most branches in Nanning, Therefore, “Which marketing mix fit for who” is the research question in this study base on 4ps and STP theory. Has reference role in other location supermarkets, help them come out the predicament and progress, increase the market share of China domestic supermarket in the market, to promote economic development and develop Chinese brand.

Study the marketing strategies base on 4Ps and establish STP model of BHG Lifestyle market has reference role in other location supermarkets, help them come out the predicament and progress, increase the market share of China domestic supermarket in the market, to promote economic development and develop Chinese brand.

## Objectives

To study the marketing strategies of BHG Lifestyle Market, consider external market opportunities, internal resources, according to the strategic planning to set target market and select suited marketing mix strategy;

To establish STP model of BHG Lifestyle Market, based on market segmentation, Target market, and positioning.

## **Research outcome**

The company is able to use suitable marketing strategies and the STP model to increase companies profit and competitiveness.

## **Literature Review and Application of 4Ps and STP Strategies**

### **4Ps and application**

The 4P concept first appeared in the inaugural speech of Neil Borden in the United States in 1953, he put forward that market demand was affected by "marketing variables" or "marketing elements" on some level, the enterprise must effectively combine these factors, to meet market demand and get the maximum profit. Until E.J. McCarthy drew a picture to show 4P on the book "Basic Marketing" at the University of Michigan, put forward that 4P consist with Product, Place, Price, and will be influenced and restricted by the external environment. As Wang, R (2010) statement, price, place, product, promotion are important factors of enterprises.

**Product.** Product is the premier and also the pivotal factor in the market offering. (Truc Dang, 2014) Means anything can supply to business, it can be used and consumed by people and meet the demand of people (Song, J, and Li, M.K., 2012) Company provide the right goods and services to their clients and aim at satisfying the needs for their target consumers. If an enterprise wants long-term development, need to make an appropriate pricing strategy according to the customer and corporate characteristics, the status of competitors. (Huang, X.L., 2011) the elements of product strategies include the quantity of a commodity, a grouping of commodities, product quality, and so on (Chen, W., 2010). Foreign companies use their advanced retail concept and private brand strategy, rapid expansion in the retail market in China, bring a huge impact to the local supermarket chain. (Li, C.L., 2014).

Wal-Mart 30% of sales and 50% of the profits from their own brands. BHG supermarket as Chinese supermarket, also have their private brand, they are: "SHINING" agricultural product brand, mainly sales some pollution-free agricultural products, include fruit, vegetable, rice, dry fruit and dry cargo; "BHG home" household series brand, mainly sales household series products, includes slipper, quilt, umbrella, bowl, disposable goods; "BHG" import product brand,

mainly sale some imported goods, involve certain snacks, liquor, milk, daily necessities, etc.

**Price.** price is the amount of money that a buyer has to pay for a product or service when he or she purchases. (Truc Dang, 2014) Price decides enterprise's profit, loss and competitiveness, is a key problem in the process of marketing, has a leverage effect. (Wang, Z.W., et al, 2010) the supermarket occupies the retail marketing depend on price advantage, price strategy is the key to earning. (Chen, J.Y. & Cheng, H., 2011) Require the entrepreneur to consider an appropriate price, pricing and establish different price strategies according to the different market positioning. If an enterprise wants long-term development, need to make an appropriate pricing strategy according to the customer and corporate characteristics, the status of competitors. (Huang, X.L., 2011)

In the field of the supermarket, there are many supermarkets used different pricing strategies in business. Such as pricing strategies of Wal-Mart are cost leadership, low-price strategy, and pennies strategy. Carrefour used the High-low pricing strategy in business

**Place.** Means the distribution channels used to obtain the goods to clients, i.e. the correct goods at the correct price available in the correct district to be bought by clients. (C Ehmke, J Fulton, J Lusk, 2005) If an enterprise wants to operate and manage better, they need to set up a suitable marketing channel fit with client wants. There are two different distribution channels if the enterprise provides its products and services to the client: direct marketing channels and indirect marketing channels. (Kotler and Armstrong, 2014) From a marketing perspective, channels can be divided into online channels and offline channels. Online channel is the network channel, such as QQ, microblog, WeChat and so on. Offline channels are physical channels. (Liu, Y.L. & Li, Y.T. 2017)

In general, businessman selling commodities will through traditional stores (such as convenience store, discount stores, supermarket, grocery store, etc.), online shop (such as Amazonas, JD.com, LAZADA, Taobao, etc.) and combine traditional store and online store (such as Costco, War-mart, etc.). BHG Lifestyle Market only has traditional stores in China. There are more than 180 operational stores in 40 Key Cities and 25 Provinces across China. And own 18 subbranches in Nanning city, including 12 lifestyle markets and 6 convenience supermarkets. Official website only displays some product information and sale promotion.

**Promotion.** Means marketer who consider how to sale product according to the appropriate price at the correct place, aim to increase sales and stimulate potential client purchase by some discount activities, such as price underselling, buy one get one, product discount and so on. The purpose of promotion is to get people to understand what your product is, what they can use it for, and why they should want it. (C Ehmke, J Fulton, J Lusk, 2005) Enterprise uses various promotions to stimulate customer purchase, the influence factors including advertising, sales personnel, advertising, public relations, etc. (Chen, Z.H., 2011)

Costco wholesale used wholesale discounts, personal selling and public relations promotion strategies in business, and sent their promotion poster to members' email every month, other strategies used in Costco. The main advertising of RT-mart is poster and POP, other promotion strategies such as product assortment and Staff promotion strategy. Posters, WeChat, web pages, and internet advertising are the main ways of advertising be used in BHG Lifestyle Market. Marketer shows the promotion information to their own Microblog, WeChat, and website, in order to recommended goods and convenient for consumers to understand the promotion information and attract they have a shopping wants.

Many different market strategies were used in business, a single marketing strategy has not met the market competition needs. A well-craft marketing mix can provide the focus and direction in business that identifying the best opportunity worth pursuing as well as the threats to be avoided. 4ps is the basic marketing strategies in business consist of Price, product, promotion, and place. Companies use different marketing mix according to their different operating conditional, it can attract more target customers, increase sales income, develop enterprises continuously, and increase the national economic income. BHG Lifestyle market main used Fresh food strategy, Special-Event pricing strategy, Package price strategy, Everyday Low-price strategy, VIP price strategy, Flash sale strategy, Receipt exchange gift strategy to stimulate customer purchase, plus the favorable location, solving the problem with different customers' preference, increase the passenger flow and sales, and grab the market share.

### **STP theory and Application**

STP is the base of marketing strategy, through market segmentation to select target customer, and then according to the target market for this, the final market positioning. (Jia, Y.M.& Wang, J.,2013)Establishes the STP model is based variation of market demand, divide consumers with similar needs to similar group (it means market segmentation), the goal is selects some markets that have a certain scale and potential as their target market according to different needs, and then take a suitable marketing strategy to attract target consumers, let them awareness that this is the products they need. (Li, T.Z., 2017)

**Market segmentation.** Segment only according to a single variable is not enough, such as only focus on the geographical area, there are still diverse wants and needs of customers through in a small location. (Tahsina Khan, 2013). Combining different behavioral variables will have a possible for marketers that obtain a view of a market, contribute to the marketer segment market and find out suitable targeting strategies. (Kotler & Keller, 2010)There is more than one way to segment the market, company differentiate their customer base on demographic variables, geographic variables, psychographic variables, and behaviors.

**Geographic segmentation.** Means segment divides consumers according to their residential location. Such as nations, states, regions, cities, urban/rural and neighborhood. The company must aware that the geographic segmentation varies will due to population shift, can target one or more areas. (Pickton& Broderick, 2005) It's not enough that only focus on the geographical area because customers have different demands even in a small location (Tahsina Khan, 2013)

Due to the different demands of the customer in a different area, BHG group created 3 types of supermarket distributed in different areas: Market place, Lifestyle market, and food market. Different regions have different supermarket were established, such as there is all types of supermarket in Beijing, but only the BHG Lifestyle market in Nanning.

**Demographic segmentation.** Means divided the market into different segments according to age, gender, education, occupation, income, family size and so on. Variables of demographic segmentation easy to identify and measure, and often used in market segmentation. (Nynne Larsen, 2010)

Different demographic segmentation customers have different needs. For example People with different age: the kids want to toy and snacks, the youth people want snacks and daily supplies, and the middle-age customers usually purchase food and daily supplies, etc. People with different gender: male customers tend to purchase liquor; female customer tends to buy skin care product. People with different income: high income customer tend to choose high-quality products and direct purchase without thinking; medium income customers need some time to think; low-income people like to purchase when the products discount.

**Psychographic Market segmentation.** Refer to divide customers depend on their personalities trait, lifestyles, or social class. Psychographic and lifestyle segmentation is about how individuals spend time and money based on the personality, attitudes, education, cultural and social background. (Geoff Lancaster, 2002) They are two main types: personality segmentation and lifestyle segmentation. (Nynne Larsen, 2010) Many marketers have used personality variables in the segment. Dividing customers base on their personalities trait, lifestyles, or social class.

RT-Mart divides customer to high-level customers, middle-level customers, and low-level customers according to their social class. (Ge, P., 2016) In this research, the researcher divides the customer's groups of BHG Lifestyle Market according to social class, and obtain 4 customer groups: high level, middle- high income, middle income, low income.

**Behavioral segmentation:** It is one of psychographic segmentation, refers to divide the customers according to their knowledge, attitudes, responses, and uses of the product. Combining different behavioral bases can provide a more comprehensive and cohesive view help market segment. (Kotler & Keller, 2010) There are five different varieties of segmentation including occasional

segmentation, benefit segmentation, user status segmentation, usage rate segmentation, loyalty status segmentation. (P. Kotler and Armstrong, 2005) Market Segmentation only according to a single variable is not enough. (Citing Tahsina Khan, 2013) Marketers usually use segmentation variables singly or in combination. Customers are too much different with various needs and buying behaviors. (Nynne Larsen, 2010) Combining different behavioral variables will have a possible for marketers that obtain a view of a market, contribute to the marketer segment market and find out suitable targeting strategies. (Kotler and Keller, 2009)

**Market Targeting.** Target market segmentation is an important issue. (Tahsina Khan, 2013) After segmentation, the enterprise will choose the part of the market as their target market company, can obtain maximum benefit from this part of markets, fit for enterprise tasks, objectives, resources, in order to shape the scheduled image, obtain a competitive advantage. (Ding, P.H., 2011) There are 3 market targeting strategies: undifferentiated marketing, differentiated marketing, and concentrated marketing.

**Undifferentiated marketing.** Refers to the company only launch a product or use one way to attract customer, take the whole market as their target market. It saves the cost of research and administration and reduces the cost of production, inventory, and transportation was conducive to reinforce brand image. Such as Coca-Cola, it kept to implement an undifferentiated marketing strategy, become a global brand. But under this marketing strategy, the company ignored market differences and pursue one offer in the whole market. (Philip Kotler & Kevin Keller, 2010)

**Differentiated marketing.** Means entrepreneur selects several or more market segments as their target markets and designs the product marketing plan to satisfy them, consider customers' different needs of customers. be conducive to expand the market share and reduce business risk. For example P&Gowns many different products (such as washing powder, liquid shampoo, soap, toothpaste, and so on.) Among these products, there are also different brand: liquid shampoo, there are 6 brands according to customer individuality: "VS Sassoon" series represents high taste; "Head-Shoulders" series represents fashion; brand name "Pantene" series represents elegance, etc.

**Focused marketing.** Means selects one or a few segments as the target market, aim at concentrates limited resources in the selected target market, to occupy the bigger market share in that small market segment. The company can more effectively do business due to the niche marketing with a strong position and high awareness within each segment. (Armstrong & Kotler, 2005) the small company whose financial resources shortage can use this marketing to offer highly particular goods to their consumers. (Cheverton, 2004) For example, the president of Netac company discovered a potential social need that customer

needs data exchange in computer after U-disk was invented, his company began rapid development. But this segment has a high risk.

**Positioning.** “positioning “has entered into marketing language in 1982 by Al Ries and Jack Trout. (Mustafa, 2009) Positioning is concerned with how the consumers think about the goods and how it is defined by the customers in order to maximize the potential benefit to the company. The result is a persuasive reason why the target market should buy the product. (Kotler & Keller,2009)

Positioning of Walmart is “everyday low price” and customer first, that require employees to put the customer like their biggest boss(He, M.Y., 2012) Positioning of RT-mart is “one-stop service” (Wantong Yi, 2012) Different RT-mart, Yonghui supermarket position on “civilian supermarket” and main business are fresh foods, general merchandise, secondary run apparel. They have its own food industrial park, established a set of production base of vegetable and fruits by self-supporting and cooperative, create a large remote purchasing system nationwide. In the other hands, Yonghui supermarkets actively take the philanthropy into business strategy and establish the first charity supermarket that runs by the retail enterprise. (Lin Lihue, 2014)

STP strategies are important strategies in marketing. The company can understand the needs of different segment markets by establishing the STP model, to select favorable segment markets and do product positioning. Establishes the STP model had benefits for the company who engaged in analysis segmentation, target market needs, and positioning helps to ensure their target markets and make a preferred marketing strategy. In China, mainly enterprises used differentiated marketing strategies in their business, it can broaden the market share and provide their competitiveness. BHG group create 3 types of supermarkets according to their customers with different social level: BHG Market place face with who wants the enjoyment and aim at middle-high and high-income level people; BHG Lifestyle market face with people who have a common need and aim at middle and low-income level people as well as; BHG Food market is faced with all people who want to buy daily food.

## Methodology

There is two research method including quantitative research method and qualitative research method. Quantitative research is a set of method that crosses major, subject, field, and topic, consists of a set of complex and interconnected terms, concepts and assumptions, etc. (Denzin and Lincoln, 1995) Qualitative research consists of interviews, observation, and case study. Primary data including field notes, interviews, conversations, photographs, recording, memos, etc. Aims to describe and explain things, events, phenomena, characters and better explain the research question. (Zhang, M.Z and Marc Holzer, 2001) Quantitative research is used in this research, the researcher selected BHG Lifestyle Market as

a sample to study marketing strategies focus on 4Ps after SWOT environment analysis, establish STP model to research their customer groups, target market and position by questionnaire. The objective of the questionnaire is the city residents who live in Nanning, and the location of a questionnaire around the BHG Lifestyle market. After recalling the questionnaire, uses SPSS, EXCEL to collect and analyze the data of the questionnaire.

### **Questionnaire design includes three parts:**

**Part1.** Design the one-choice question in this part, about the basic information of the customer, the researcher wants to collect some customer information of BHG Lifestyle, in order to market segmentation. Such as collects gender, age, occupation, monthly income, purchase frequency and evaluate products' value. Researcher wills according to the social class to segment customer, depend on a monthly income of clients. And after, subdivide into more small groups according to the gender, age, occupation. Question about purchase frequency can reflect the degree of customer activity.

**Part 2.** Focuses on 4ps of marketing strategies will impact customer, in order to find which marketing strategy, mix fit for which customer. The researcher will design multiple choices. Question on this part such as: what type of product is the most worth buying product of BHG Lifestyle Market in your mind? Which brand you usually select in BHG Lifestyle Market? Which ways are most attract you purchase in BHG Lifestyle Market? Which are your favorite promotion activities? Where did you obtain the promotion information?

**Part 3.** To collect information about the customers' view of BHG Lifestyle Market, only design one question. For example: Please write down your view about BHG Lifestyle Market when you purchase there.

### **Data Analysis Tools**

**SWOT model.** SWOT model is used in this study, to analyze the environment of BHG Lifestyle market in order to help researcher easy understand the strengths, weakness, opportunity, the threat of BHG Lifestyle market and be the benefit of marketing strategies analysis of BHG Lifestyle market.

**4Ps.** 4Ps is the basal marketing mix in marketing strategy; the researcher analyzed marketing strategies of BHG Lifestyle market based on 4Ps.

**STP model.** In this study, the research question is “which marketing mix fit for who”, therefore, the researcher used STP model to segment market of BHG Lifestyle market, it's can find out their target markets and positioning.

**SPSS.** SPSS was used after data collection; it can analyze the data and provide the result.

**Excel.** In this study, Excel was used to draw the chart and do the data compilation.

## Result of BHG Lifestyle market

### Marketing environment of BHG Lifestyle Market (SWOT analysis)

<p><b>Strength</b></p> <ul style="list-style-type: none"> <li>❖ Low-price fresh food</li> <li>❖ Private label and strong supply chain</li> <li>❖ Stores resource advantage and abundant Experience of operating Management</li> <li>❖ built up a centralized procurement network with national and local merchandises sourcing</li> <li>❖ Employs International talent</li> <li>❖ Establish the national VPN system</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>❖ Uncomfortable shopping environment</li> <li>❖ Service generally, service facilities are imperfect</li> <li>❖ The price tag update not in time.</li> <li>❖ The low popularity of Private label, aquatic products few varieties.</li> <li>❖ The food inspection is careless, have expired food sometimes</li> </ul>
<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>❖ Strong policy support.</li> <li>❖ Traditional retail formats overall growth recovery.</li> <li>❖ Communications and network technology to promote the development of the traditional retail industry.</li> </ul>	<p><b>Threat</b></p> <ul style="list-style-type: none"> <li>❖ The growth speed of China's real economy is slowing, the aggregate demand of consumption market tends to fall</li> <li>❖ More and younger consumers tend to shop online.</li> <li>❖ More and more competitors entrants Nanning</li> <li>❖ More and more Substitutes shop appear</li> </ul>

## 4Ps of BHG Lifestyle market

### Product

**Fresh food strategy.** As a fair-price shop of agricultural and sideline products in Nanning, BHG Lifestyle market's selling price of fair-price goods under the market price: the price of vegetables lower than the market price 15%

at least; price of grain, oil, meats, poultry, and eggs lower than the market price 5% at least. Until the end of 2015, there are 17 logistics distribution centers established involve 16 fresh commodities distribution center and 1 dry cargo distribution center. Most fresh foods from local and all fresh commodities direct procurement and shelves, to satisfy their customer purchase choice with fresh and healthy products.

**Private brand strategy.** BHG supermarket cooperates with some manufacturers to manufacture their own brand product and establish a non-pollution agricultural production base. BHG private brand involves “SHINING” agricultural product brand, “BHG home” household series brand and “BHG” import product brand. “SHINING” sells some pollution-fresh agricultural products include fruit, vegetable, rich, dry fruit, dry cargo. “BHG” import brand main sells certain snacks, liquor, milk, daily necessities, and so on.

### **Price**

**Loss leader pricing.** In the BHG Lifestyle market, some products’ price under its cost. The company uses this strategy to attract consumers to come to the supermarket and purchase something else passingly.

**Special-Event pricing.** Each special festival (Such as Anniversary, Christmas day, spring festival, valentine's day, Mother day and so on.) BHG Lifestyle market will provide many off-price merchandises to customer.

**Package price.** BHG Lifestyle market bundled different commodities into a group and pricing an off-price, in order to stimulate consumption purchase, to increasing sales volume of goods. For example, a bottle oil needs to spend 59.9 yuan, a bag of rice need spends 44.9, but if by their combination, can save some money.

**Everyday Low Prices.** EDLP is a common pricing strategy, BHG Lifestyle provide some low price in certain products for customers, usually uses this strategy in fresh food.

**Mantissa strategy:** there are many prices of the commodity with the mantissa price in BHG Lifestyle market. This pricing strategy is consideration of consumer's psychology, to create a false impression. It could let the price looks better, for example, 4.98yuan, 59.9yuan, 9.90yuan, 27.4yuan.

**VIP price:** in order to cultivate the loyalty of customer, BHG Lifestyle market provides the free-issue membership card to their clients. Provisions that spend 1 yuan can score 1 point, the integral can exchange certain goods. In addition, a member can enjoy the VIP price and an integral return.

### **Promotion**

**Advertising:** The main ways of advertising in the BHG Lifestyle market are Posters, WeChat Official Account, Website Microblogging and Official Website advertising (picture see appendices). The marketer has displayed the promotion information in their own Microblog, WeChat Official Account, and Official

Website, in order to recommend goods and convenient for consumers, let them understand the promotion information and attract them purchase in the supermarket.

**Coupons:** customer can obtain some relative coupons when their payment reaches a certain amount. Such as: consuming 88 Yuan can obtain 10 Yuan coupons; consuming 300Yuan can obtain 30 Yuan coupons. one receipt only can exchange once.

**Flash sale:** supermarket provides different products with low-price in a different period, usually 2-3 days as a period. The different period will provide different goods with a certain number, customer can purchase any number of special products if it placed on the shelves.

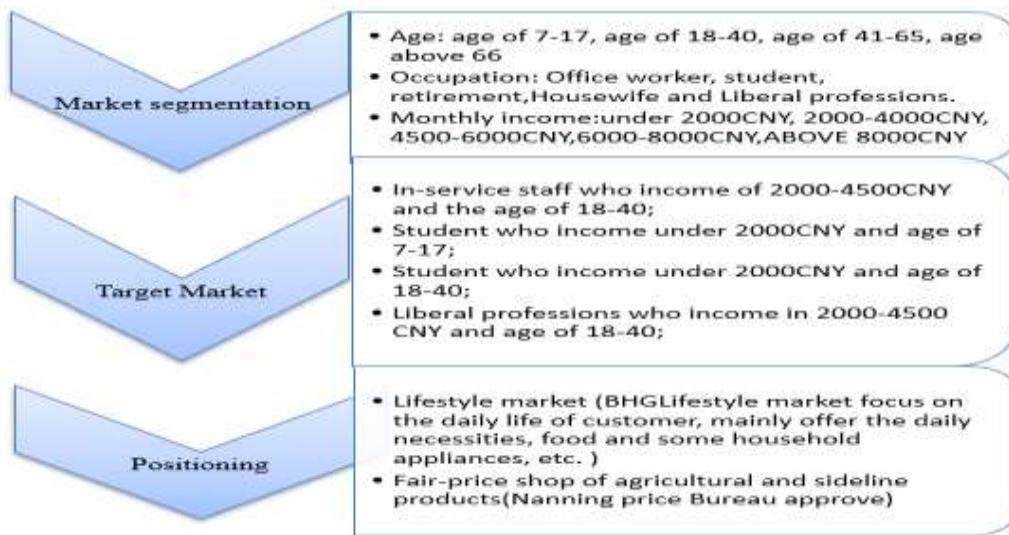
**Receipt exchange gift:** the client has a choice that spends a bit of money to exchange some specific goods when their receipts satisfy certain conditions. For example, if the sum of consumptions above 88 Yuan, customer can use their receipt to exchange a bag of tissues (pay 3 Yuan), a box of milk (pay 8Yuan) or a bag of sugar (pay 9Yuan)

**Limited quantity sale:** retailer reduces the price of certain commodities and limits the purchased quantity within a specific time. I.e. certain products have a purchase limit with a low price, and customers can buy it within a specified number.

### Place

BHG Lifestyle market different with War-mart and Yonghui supermarket, It only has traditional stores, And there are more than 180 operational stores in 40 Key Cities and 25 Provinces across China. In Nanning city, there are 18 subbranches there, including 12 lifestyle markets and 6 convenience supermarkets. Chenal of customer obtains promotion information: promotion poster shows at the entrance of BHG lifestyle; advertising page sends to people or showed at the website, WeChat, and blog.

### Analysis STP model of BHG Lifestyle in Nanning



Amount of issued survey questionnaire are 500, actually take back 480, including 458 valid questionnaires and 22 invalid questionnaires. SPSS and Excel were applied in this research, to disposal and analyze the data, obtain the following results:

**Demographic segmentation.** There are 189 males and 269 females participate in this investigation, male accounted for 41.27%, females accounted for 58.73%. Respondents who age between 18-40 years old accounted for 67.69%; the age of 7-17 accounted for 16.38%; the age of 41-65 accounted for 12.88%; and age above 66 only accounted for 3.06%.

There is the largest number of the respondent are Office worker, accounted for 36.24%; 27.95% people are a student; 22.27% people are Liberal professions and there are 6.99% people and 6.55% people are Retirement and Housewife/Househusband.

The respondents of this research, the monthly income in 2000-45000CNY is the most, accounting for 40.61%; after is income under 2000CNY, accounted for 34.06%; respondents with monthly income 4500-6000CNY accounted for 14.63%; monthly income more than 6000CNY accounted 10.7%. Therefore, mainly customers in BHG Lifestyle market usually are monthly income under 4500 CNY.

Normally, customers of BHG Lifestyle market are nearby residents. There are many people shopping in the BHG Lifestyle market with different gender, age, occupation, income level. According to data analyze, mainly customers are Office worker, student, and Liberal professions, the monthly income under the 4500CNY, and age of 7-40.

**Psychographic segmentation.** Among the 458 respondent, more than half of customers thought that the product in the BHG lifestyle market has a good value at all; 37.34% of customers thought that only some product has a good

value; has 9.17% customers thought that products in the BHG lifestyle market has a very good value at all; only 3.49% of people thought that all products value not good in BHG lifestyle market.

In this study, the researcher divided customers of BHG Lifestyle market according to their social class. there are 5 levels segmented according to “2017 Nanning city wages report” (see appendices), obtain the average wage of workers is 2931CNY/ month in Nanning, stipulate people income in 2000-45000CNY were deemed to middle class; income under 2000 CNY were deemed to low class; income in 4500-6000 were deemed to upper-middle class; income above 6000 were deemed to upper class. According to data analyze, obtain customers’ social level of BHG Lifestyle market are middle class and low class.

**Behavioral segmentation.** According to “shopping frequency” data displayed that customers go to BHG Lifestyle market usually 1-2 times a week, accounted for 37.77%; has 37.55% customers go to BHG Lifestyle market usually 1-2 times a month’s; purchase frequency in 3-5 times a week has 19.21%; people who go to BHG Lifestyle market every day only accounted for 5.46%.

Base on “shopping frequency” result, researcher analysis the reason of customers shopping in BHG Lifestyle market by SPSS, obtain the results that the more important reason is “customers have a shopping needs” and other results are “accompanied shopping with friend or family” and “stroll”. (See table7)

Reason for shopping in BHG supermarket	Observed value				$\bar{X}$	SD
	Often	General	Occasionally	Never		
Stroll	116 (25.33)	146 (31.88)	157 (34.28)	39 (8.52)	2.26	0.93
Shopping needs	228 (49.78)	128 (27.95)	88 (19.21)	14 (3.06)	1.76	0.87
Accompanied shopping with friend or family	112 (24.45)	153 (33.41)	170 (37.12)	23 (5.02)	2.23	0.88

Table 7: Reason for customer shopping in the BHG Lifestyle market

According to analyze the product with high purchase frequency, the researcher obtain the result that customers usually buy Leisure food and fresh food in the BHG Lifestyle market (see table 7)

Customers go to the BHG Lifestyle market usually 1-2 times a week or 1-2 times months. the reason for go shopping mainly are have shopping needs and accompanied shopping, in general, there is a shopping peak hour in BHG Lifestyle market after dinner at 20:00-22:00, there are lots of people like stroll with their family member or friends in supermarket, and general likes to purchase Leisure

food and fresh food, most of the customers thought that the products in BHG Lifestyle market have a good value.

### Target market

In this study, the researcher analyzes the customers of BHG Lifestyle market according to customers' monthly income, age, and occupation, as the following table:

Occupation Number of people Income and age	On-the-job	Student	Liberal professions	Housewife	Retirement	Total	Percent
Income under 2000CNY and Age of 18-40	11 (male7, female4)	43 (male15, female28)	12 (male 5, female7)	7	1 (female)	74	16.16%
Income under 2000CNY and Age of 7-17	0	63 (male26, female37)	0	1	0	64	13.97%
Income under 2000CNY and Age of 41-65	3 (male1, female2)	0	4 (male2, female2)	2	3 (female)	12	2.62%
Income under 2000CNY and Age above 66	1 (female)	0	0	0	5 (male3, female2)	6	1.31%
Income 2000-4500CNY and Age of 18-40	82 (male29, female53)	10 (male4, female6)	35 (male13, female22)	14	3 (male)	144	31.44%
Income 2000-4500CNY and Age of 7-17	3 (male)	0	0	0	0	3	0.66%
Income 2000-4500CNY and Age of 41-65	9 (male2, female7)	0	10 (male5, female5)	2	13 (male 1 female12)	34	7.42%
Income 2000-4500CNY and Age above 66	1 (female)	0	1 (male)	1	2 (male1, female1)	5	1.09%

Table 8 Main customer groups of BHG Lifestyle market

According to the above data analysis, the main customer groups are: In-service staff who income of 2000-4500CNY and the age of 18-40; Student who income under 2000CNY and age of 7-17; Student who income under 2000CNY and age of 18-40; Liberal professions who income in 2000-4500 CNY and age of 18-40;

BHG Lifestyle market used Differentiated target marketing strategy in business, according to different customer types to make a different marketing mix, apply SPSS and Excel to disposal and analyze these market segments, they are fit for different strategies:

Marketing strategies		Customers	In-service staff who income of 2000-4500CNY and the age of 18-40	Student who income under 2000CNY and age of 7-17	Student who income under 2000CNY and age of 18-40	Liberal professions who income in 2000-4500 and age of 18-40
Product	Fresh food					
	Leisure food					
	Daily supplies commodity					
	Oil & grains					
Price	EDLP					
	Special-Event pricing					
	VIP price					
	Loss leader pricing					
Promotion	Receipt exchange gift					
	Flash sale					
	limited quantity sale					
	Package sale					
Place	Poster on the entrance					
	Recommended					

Above the chart shows that different customer groups pay attention to different marketing strategies, the clients go to supermarket main are the age of 18-40, and had students, office workers and the Liberal professions, they usually like to purchase Leisure food first and the second one is fresh food, they usually attracted with EDLP, Special-Event, VIP pricing strategies and flash sale, Limited quantity sale and package sale promotion strategies. They usually obtain information about commercial activities by Poster and recommended of other people.

## Positioning

**Lifestyle market.** BHG Lifestyle market focuses on the daily life of the customer, mainly offer the daily necessities for the customer, including fresh foods, cooked foods, snack foods, grain and oil, household chemical, books, and appliances, etc.

**Fair-price shop of agricultural and sideline products.** Fresh foods as the featured product of BHG Lifestyle market, there are most of fresh foods from local, company adopt local purchasing methods, cooperation with farmer carry out the “Agricultural super docking” project, reduced the middle men, in order to ensure the fresh food, keep fresh and reduce the purchasing cost, to give a favorable price to customers. farmers and customers achieve a win-win objective.

## Discussion and Conclusion

Chinese supermarket face with the huge challenge with E-business strong growth, online-shop gradually entered the customers live and to attract customer consumption. In recent years, foreign supermarkets start to cooperate with e-commerce, make strategic readjustment and grab the market share. As a result, Chinese traditional supermarkets gradually made a low profit due to their hidebound strategies, more problems appeared in business.

One of the problems is fresh food. In many supermarkets, the price of fresh food hold on a medium-high level due to the hard to storage and have high

spoilage. BHG Lifestyle market pays attention to fresh food and put it as the featured food, reduce the purchase cost of customers by implementing the “agriculture supermarket docking” project that cooperation with the farmer by Rural Cooperative.

Because of customers more require convenience purchase, but many supermarkets have a distance with the resident. BHG Lifestyle market cooperation with property developer and established their branches in the apartment or near the resident.

4Ps strategies is a base marketing mix and important in business under the fierce competition market. Different marketing strategies had different attraction on different customers, the main strategies of BHG Lifestyle market are EDLP, Special-event pricing, VIP price, Loss leader pricing, Receipt exchange gift, Flash sale, Limited quantity sale, Package deal, Poster; target customer usually purchases the Fresh food, Leisure food, Daily supplies commodity and oil& grains commodity; and they usually by the recommended and poster to obtain the information of commercial activities.

A correct marketing mix is important for target markets, a well-craft marketing mix can attract more target customers, increase sales income and continue company development. Establish the STP model is more important that can identify the different customer groups and find out the favorable customer markets. Therefore, made the suitable marketing mix for target markets, aim to grab the market share by satisfy the customers and improve the customer purchase rate. In China, mainly enterprises used differentiated marketing strategies in their business, it can broaden the market share and provide their competitiveness.

The result isn't representing the all traditional supermarket in China and needs to complete due to the limitation of the area and methodology restriction. This study mainly focused on the BHG Lifestyle market in Nanning, all research situations and research results only have relation to Nanning city. In addition, the respondent of research were small samples so could not infer the whole market situation and results may have some measurement errors cause of the content depended on the experience and ability of the researcher.

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