

STRATEGIC ANALYSIS AND COMPETITIVE SUSTAINABILITY OF HYPERMARKETS IN CHINA: WAL-MART VERSUS RT-MART

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Executive Summary

In the context of globalization, hypermarkets in China have gradually evolved by learning from foreign firms' management experiences. Nowadays, these hypermarkets are facing difficulties owing to the advent of the e-commerce and the new configuration of the Chinese market. This phenomenon is shown by the incident of hypermarkets successive closing down during the last few years. To eradicate development obstacles, hypermarkets must make efforts to implement appropriate strategies in order to match the changes of the Chinese market. This study aims at acquiring a deeper knowledge on the management of hypermarkets and particularly analyzes their different strategies, taking RT-Mart and Wal-Mart as a case study. To deal with the issue raised in our case study, we have conducted interviews in RT-Mart and Wal-Mart. The interviewees explained us the operation of the supermarket where they work as well as their feelings at work. The findings showed that there are certain strategic differences between RT-Mart and Wal-Mart about the differentiation strategy, price strategy, promotion strategy, storage strategy and human resources management. At the end of our study, we have also questioned the limits of the study and given recommendations to improve the quality of research.

Keywords: Strategy, Management, Hypermarkets in China, RT-Mart, Wal-Mart.

CHAPTER I: INTRODUCTION

While the economy is quickly developing, the population growing and consumers' buying power increasing, the wholesale and retail trades in China are now getting a good opportunity to develop. And, the development of retail trade sector is very important for the national economy in general, and for people's lives in particular. Supermarkets have quickly developed since 1990s when models of supermarkets were launched in China by foreign multinational corporations. Presently, the proportion of supermarkets on sales figures of the whole society is in full expansion.

Nevertheless, for the last few years, the bulk of retail trade commerce are more and more making less profits than before when people were facing the consequences of world economy slowdown and e-commerce. Supermarkets are facing growth difficulties.

In 2015, a great number of supermarkets were shut down. These multiple closings down triggered a sensational rumor: stores are gradually reduced. After two years of restructuring, the shutting down of traditional retail trade resumed again in 2017, but they gradually became rational and voluntary.

According to statistics, Yonghui Superstores, Sun Holdings Greater China Limited, Sanjiang Shopping Club, Chengdu Hongqi Chain and other retail businesses shut down a total of 204 supermarkets during the first semester in 2017. Lianhua Supermarket closed the most important number of stores reaching 138. This supermarket shows the most critical cause of shutting down resulting from management difficulty.

Apart from the Chinese supermarkets, Wal-Mart shut about 10 supermarkets in 2017. About the closing down, Scott Price, the world Deputy Chief Executive Officer and General

Director of Wal-Mart International Department, thought that companies are like plants, if people want them grow correctly, they should cut back some branches when necessary. When some stores cannot satisfy local clients, we decide to shut them down. A rational management of stores and the assurance of a total development are the key things to take into account for a valid development of retail industry.

In this paper, the strategy is the approaches supermarkets should adopt to better their management and running depending on the real circumstances in the market. The setting up of strategies aims at a better self-development in short and long term. It includes the differentiation strategy, the price strategy, the promotion strategy, the storage strategy, human resources management, etc. Therefore, it plays a key role in the value chain creation of the company.

A supermarket is a big store which sells various goods, such as foodstuffs, clothes, convenience goods, domestic appliances, etc. It can be more than 2,500 cubic meter wide with more than 200,000 different trademarks (Cataluna, Franco & Ramos, 2005). Generally, only very competitive groups capable of large-scale deals run supermarkets (Liu, 2002).

The strategy refers to a set of method and means coordination used both in time and space, in order to get a precise result called “objective” (Collet, 2004). According to Professor Michael E. Porter, a specialist in industrial economics and business strategy at the Harvard Business School in the USA, the most important point in the strategy consists in choosing to do activities differently from competitors. This mastery of competition forces is shown by the expansion of a value chain which characterizes the economic model of the company.

This study aims at conducting researches on supermarkets, in order to know the present situation and discover factors which slow down their development so that important solutions can be suggested for their strategic development in China. Otherwise, if these problems keep on being an obstacle to the promotion of supermarkets expansion, there will cause serious problems to the Chinese development and have serious impacts on the lives of workers who are employed in this sector.

Next, as Wal-Mart and RT-Mart are two large-scale supermarkets that grow well and are powerful enough to quickly take measures against new situations, the objective of our research on both supermarkets is analyzing and comparing them to establish their experiences in supermarkets management.

Nowadays, there are many researches on the strategies of supermarkets. These researches mainly focus on the marketing of supermarkets, the management of supermarkets human resources and the positioning of supermarkets. However, strategic comparisons between two supermarkets on the basis of the differentiation strategy, the price strategy, the storage strategy, the promotion strategy and the human resources training strategy are rarely discussed, specifically between foreign supermarkets and Chinese ones; thus, the great importance of the research in the domain. In this study, we choose Wal-Mart and RT-Mart as a case study and focus on various forms of strategies. When comparing both supermarkets and their differentiation strategies, we have also conducted this study from an original angle. How do supermarkets grow in current globalization circumstances? What do foreign supermarkets bring to Chinese ones? All these aspects are key elements which form today’s supermarkets running models. From our modest viewpoint, it would be very interesting to understand the history of supermarkets so as to better understand their running model and strategy.

In harsh competitions between supermarkets, why can some supermarkets be distinguished

and continuously develop? How are these supermarkets run? What are their management strategies? Are there differences between their STRATEGIES? HOW TO IMPROVE THE STRATEGIES OF SUPERMARKETS? THESE ARE questions we will analyze in this study.

This research paper studies only supermarkets based in China, particularly Wal-Mart and RT-Mart. It is about local supermarkets as well as foreign ones which practice their trading activities in China in general and in Guangzhou in the Province of Guangdong in particular. Our option to conduct the study in Guangzhou is explained by the fact that it is one of the provinces where retail trade is quickly developing and in addition to Guangzhou is the capital city of this province. In this study, only the two supermarkets (Wal-Mart and RT-Mart) are taken into account in our research. We are not interested in other types of stores such, as mini-markets, or rather convenience stores to take up their English designations and the big stores or department stores for they don't match the objectives of our study.

This paper is divided into six chapters. Chapter 1 deals with the context, the meaning of terms, the objective, the contribution to the study, the research issue, the research topic delimitation and the paper outline. Chapter 2 is about literature review which is about information on supermarkets as well as their history in China. Chapter 3 presents the differentiation strategy between RT-Mart and Wal-Mart. Chapter 4 is dealing with research methodology. In chapter 5, obtained data are analyzed as well as the differentiation strategy, the price strategy, the storage strategy, the promotion strategy and the human resources management strategy. At the end, the conclusion is drawn in chapter 6 and some suggestions are also made for future researches. In China, people witnessed the beginning of supermarkets and the era of their rapid expansion, but now they (supermarkets) are suffocating under a series of impacts in this new era. To better understand the running and analyze the differences between supermarkets strategies, the following chapter is proposing critical literature review. The managerial implications, limitations and future studies are highlighted.

CHAPTER II: LITERATURE REVIEW

For the last three decades, we have noticed a rapid change of consumption in Asia which has become an important market for multinational companies. Many multinational companies have decided to grasp the opportunity to develop their commercial activities in Asian countries in general and in China in particular which has succeeded in raising their interests. Within 10 years, 60,000 supermarkets have been opened in the "Middle Kingdom". They are progressively replacing local shops which are traditionally state-run shops. This has put an end to shortage. Then, the Chinese have discovered mass consumption and several foreign trademarks on the counters.

2.1. Information on Chinese and Foreign Supermarkets

Since the creation of the first supermarket in the USA in 1930, supermarkets have known a rapid expansion and become the main place where consumers do their shopping. After more than 60 years of expansion, supermarkets have kept on expanding: an average of 3 supermarkets is opened every day. Furthermore, half of the biggest ten companies were hypermarkets.

Wal-Mart, the biggest American and world retailer, opened its first retail store in 1962, annually selling millions of dollars. In 2000, it ranked second among 500 companies with a turnover of \$191.3 billion. In 2002, it came first among 500 companies selected by the

Fortune magazine. For the last four decades, Wal-Mart, with a yearly rate of return equaling 32%, did miracles in the traditional sector of retail trade. On April 15th 2001, Wal-Mart opened 1,702 chains of traditional stores, 952 supermarkets, 479 Sam's Clubs, 20 Neighborhood Markets in the USA. In addition, it also had 1,105 chains of stores (a total of 4,249 sales subsidiaries) in other countries. A great empire of Wal-Mart was set up. Up to 2016, its turnover went up to \$485, 9 billion.

Carrefour was created in January 1960 in Annecy in France; this company knew an extraordinary success and led world supermarkets to a wide-scale development. In 1997, it opened 308 supermarkets totalizing a surface of 2,700 million square meters spread over 18 countries, hiring 110 million employees. Carrefour came first in the list of the most powerful European supermarkets, and fifth in the ranking of world retail trade companies with a turnover of \$28 billion. Moreover, it strongly boosted the development of Chinese supermarkets from any point of view.

Presently, foreign supermarkets which entered the Chinese market have an important capital, because they have already finished the initial accumulation of capital. They give much importance to clients' satisfaction, carefully follow the evolution of consumers' demand and insist on after-sales service. At the same time, they have a perfect logistics system, almost all the hypermarkets have their distribution logistics centre equipped with advanced computer and logistic technologies. Then, one of its important advantages is buying several items at once which could help reduce prices. Wal-Mart establishes a rigorous purchase management, a complete distribution network and an advanced storage management (Zhang & Xiao, 2010). These are the keys of its success.

Besides, DAIEI (created in 1953 in Japan), Wellcome (created in 1945 in Hong Kong), Yonghui Superstores (created in 1998 in China), CR Vanguard (created in 1984 in China) and RT-Mart (created in 1996 in Taiwan) are also the representative supermarkets which take up an important position in the retail sector.

According to the study about the functioning and investment strategy of supermarkets chains in China (2016), from 1994 up to now, supermarkets chains in China have evolved to an annual minimal rate of 70%. The good development trend is gradually spreading from big cities to small and medium-size cities and the number of new supermarkets rockets. Data show that 28 companies present in the list of the top 100 Chinese retailers in 2014 were leading the supermarket industry.

At this stage, the positioning in the Chinese supermarkets sector becomes little by little clear. The bulk of these supermarkets well learnt how to find their new positioning when competing with foreign ones. Moreover, they exhibit their qualities and hide their inadequacies. About location management, the Chinese supermarkets better know what the Chinese customers need, particularly in terms of traditional products. To some extents, it helps them hold a high position in the market.

Although the Chinese supermarkets quickly grow, now there is still a big gap between them and the giants of the international sector such as Wal-Mart and Carrefour. In other words, the Chinese supermarkets are still at a training stage. They acquired a lot of management experiences from foreign supermarkets, however not all of these foreign constructive experiences are applicable in China, given the special circumstance of the country. Therefore, in certain cases, the Chinese supermarkets can do nothing, but try experiences by themselves. For the time being, the Chinese supermarkets have not generally reached a good level of standardization and they also lack of systematization system, thus it would be

difficult to do economies of scale. Therefore, the system of distribution logistics leaves much to be desired. Few Chinese supermarkets have their own centre of distribution logistics, which caused development freezing because of the poor reaction on the planning and the emergency treatment of distribution.

The Chinese retail trade market is still immature; we can also say that the Chinese retail trade is progressively developing. In this context, compared to experienced companies with foreign capitals, the Chinese companies are lagging behind. It is an inevitable phenomenon (Zhang & Sun, 2008). Like other brick-and-mortar businesses, supermarkets should be on perpetual mutation depending on market changes, consumers' habits and consumption mode in the years to come. Despite the impact of the e-commerce, supermarkets have a long history and a solid foundation; thus, they have a strong capacity to resist risks in certain circumstances. If appropriate management strategies could be found, dazzling progresses would be made (Hu 2016).

2.2. The History of Supermarkets in China

Before the creation of the first American supermarket, the bulk of the groceries were parts of small companies which sold ordinary products which were very often limited. At the beginning of the economic crisis, off-license managers, under pressure, decided to lower prices in order to increase sales. So, they created a new exploitation mode, consisting in offering a wide range of products and selling them to low prices, with free access services. This was referred to as supermarkets. This commercial mode knew great success and was accepted by many companies just right from its creation. Then, supermarkets got expanded in various countries all over the world. But, the history of supermarkets in China is shorter. In China, supermarkets initially started as groceries. As the reform got deeper and the country opened up to foreigners in the 1980s, China began studying and introducing foreign management experience and advanced techniques. In the late 1980s, the first Chinese supermarket ParknShop was created in the Province of Guangdong, which helped the development of the Chinese supermarkets in terms of intensification. However, the first Chinese supermarkets were not financially so powerful because their business area was less than 1,000 square meters. The main products were essentially foods and daily bare necessities.

In the early 1990s, the chain of supermarkets did not, as a whole, go beyond 10. It was the introduction phase of Chinese supermarkets. In September 1991, the first real supermarket, Century Mart, was opened in Shanghai. Supermarkets style became more and more feasible and efficient, thanks to the quick economic growth of China, the improvement of yields and the modernization of supermarkets equipments.

From 1994 to 1996, supermarkets were at the development stage in China. The government noted support and political help for supermarkets. It was the moment when the expansion of supermarkets was tightly linked to chain management. This trend stretched out from the eastern region to that of the middle-west. From 1995, supermarkets funded with foreign capital, such as Carrefour, Wal-Mart, RT-Mart etc, began penetrating China. Supermarkets created by companies using foreign capital had unanimously this as their slogan "Everyday Low Prices!", where everything seems available. They have been well accepted by consumers and have quickly developed in China.

Since 1997, supermarkets reached the maturity stage in China. Therefore, hypermarkets actually developed in the mid-1990s. At the dawn of 21st century, they began launching at a

large scale interregional development in various forms: direct investment, franchise, merger and reorganization. The commercial activities of developed countries supermarkets began, in China, in short, for example, with discount markets, shopping centers, direct factory sales, etc. Then, fresh products hold a position that is more and more important in the composition of supermarkets convenience. The various signs indicate that the model of mini-market chains or “convenience stores” is quickly developing in China. We can anticipate that the Chinese traditional retail trade will enter a new era where the management of chains will constitute the most important proportion in the physical commerce. It would be possible to predict that supermarkets will have a broader development perspective in the future (Yan Xianpu, 2001).

According to the CCFA (China Chain Store & Franchise Association) data on May 16th 2016, RT- Mart ranks first among the biggest companies based in China which are functioning with foreign capital, with a turnover estimated to 93,290 million Yuan (with a growth rate of 4%). The number of its chains equals 368 (with a growth rate of 9.9%). RT-Mart was created by Ruentex Group, a Taiwanese group, in 1996. The first subsidiary of RT-Mart which was entirely planned and led by the Chinese was opened in Taoyuan in Taiwan in March 1997. This Taiwanese supermarket succeeded in combining the freshness of the traditional market, low prices and the convenience of a big store. Based on direct service, RT-Mart is a supermarket which is preferred by consumers. RT-Mart price strategy is determined by the psychology of the bulk of consumers who always look for the most reasonable prices to be attracted by (Li Juan, 2012).

Moreover, Wal-Mart is the 2nd company practicing this price strategy with a turnover estimated to 76697.51 million Yuan (with a growth rate of 4.3%). The total number of its chains is 439 (with a growth rate of 1.6%). As a consequence, RT-Mart and Wal-Mart gain a great importance among other supermarkets in China. Their management experiences and their business model are essential for supermarkets sustainable development in China (see Table 1).

As the saying goes “ Win on the starting line”, companies with foreign capital began managing supermarkets much earlier than China. They are more advanced and powerful, thanks to their capital as well as their experiences of management. As the saying goes, “ Experience is a seeder that never stops”, supermarkets in China took experiences from foreign supermarkets as models so that they can quickly develop, now, our primary duty consists in looking for adequate means to promote the development of supermarkets in China. The key to success in the competition between foreign supermarkets and Chinese ones is nothing but competitiveness (Wang Shuxia, 2004).

Table1: Turnover and Number of Stores of Big Supermarkets in China

Year Names of Supermarkets	2013		2014		2015		2016		2017		2018	
	Number of Stores	Turnover (Billion)	Number of Stores	Turnover (Billion)	Number of stores	Turnover (Billion)	Number of Stores	Turnover (Billion)	Number of Stores	Turnover (Billion)	Number of Stores	Turnover (Billion)
CR Vanguard	4,637	100.4	4,127	104	3,397	109.4	3,224	103.49462	3162	103.64573	3192	101.25379
RT-Mart	264	80.12	304	85.67	335	71.58	368	93.29	383	95.4	407	95.9
Walmart (China)	407	72.21464	411	72.37558	432	73.54653	439	76.69751	441	80.27818	441	80.4895
Lianhua Supermark et	4,600	68.81838	4,325	61.75076	3,912	60.47365	3,648	59.78485	3451	56.45987	3371	49.22938
Yonghui Superstores	292	35.06	337	43	394	49.30942	487	54.40757	806	65.39986	1275	76.76773
Carrefour (China)	236	46.70588	237	45.72212	234	40.10221	319	50.47523	321	49.79594	302	47.46375
BK Group	445	21.19149	525	27.03795	577	31.01749	590	32.14532	645	20.94764	686	39.01253
NGS Supermark et	2,644	30.00119	2,566	29.38187	2,493	28.51127	2,317	27.65593	N/A	N/A	N/A	N/A
Beijing Wumart	547	21.71488	565	21.96447	552	26.25527	566	19.90307	978	47.45218	1055	48.34371
Jiajiayue Supermark et	601	19.0065	608	20.94516	623	22.97684	644	23.82499	681	24.9004	738	25.9267
Zhongbai Warehouse Supermark et	262	12.12979	256	19.77637	248	20.75392	184	21.1	1130	33.19477	1255	33.24353
Metro Jinjiang Cashcarry	75	17.5	81	18.9	82	19.1	87	19.3	92	21.3	94	21.3
Auchan	59	15.09074	68	16.5	74	18.1	78	18.06748	77	15.69728	N/A	N/A
LOTUS MARKET	77	13.74982	77	13.78203	82	13.69	82	13	95	12.7	116	13.73452
AEON (China)	44	8.76782	50	9.76537	54	10.65222	56	11.17145	91	14.093	104	14.93246

Source: China Chain Store & Franchise Association (CCFA)

CHAPTER III: THE DIFFERENTIATION STRATEGIES BETWEEN RT-MART AND WAL-MART

In this part, we will deal with the history of the two giants, RT-Mart and Wal-Mart to study how they are distinguished in the elaboration of their business model. Their development histories and strategy choices are different from what they are now.

3.1. The Ruentex Group (RT-Mart) in China

RT-Mart is a Taiwanese supermarket set up by the Ruentex Group in 1996. With the rhythm of reforms and the opening of China, RT-Mart began heading for the Chinese market. In 1997, Ruentex Group made of Shanghai RT-Mart a limited liability company. RT-Mart first store in China is that of Pingzhen, and then, RT-Mart progressively settled in Shanghai and Jinan.

At the beginning, RT-Mart copied the model of Makro, meaning storage supermarket. But, when its third subsidiary was opened in China, RT-Mart started changing the management style. Through transformation, RT-Mart reduced installation costs, and gave a new impression to final clients via more diverse products, goods expressive exhibition, spatial marketing and scrupulous service. After its transformation, RT-Mart made a turnover of 240 million Yuan in 1999 and dethroned Makro which was ranking third before.

In 2001, RT-Mart established cooperation relations with a French group, Auchan, which totalized 40years of experience in the retail business and has a strong centralization capacity of international purchase. Not only is this a step forward on the way of becoming a big international chain, but also a promotion of the competitiveness of RT-Mart goods and services. Its philosophy is: Let RT-Mart be part of every client's life.

In 2008, RT-Mart in China had a turnover estimated to 33,546 million Yuan, the annual growth rate was 31.04%; its profit equaled 1,042 million Yuan, its annual growth rate was 38.9%. In 2009, its turnover reached 40431.69 million Yuan. In 2010, RT-Mart ranked first among Top 100 of retailers, thus replacing Carrefour, with a turnover estimated to 40.4 billion Yuan. RT-Mart and Auchan merged on July 27th 2011, and the new company first appeared in the Hongkongese market. Having at its disposal two trademarks which are RT-Mart and Auchan, Gaoxin had a market share superior to that of Wal-Mart, and as a consequence it (Gaoxin) became the biggest retailer in China. In 2013, its turnover reached 80.7 billion Yuan. Up to 2017, 368 RT-Mart stores were opened in China.

RT-Mart business model constitutes a transition between the American centralized system and the English one which was at the origin of stores. It is a system of power balance between the registered office and stores. Though goods prices are fixed by the registered office, stores have the right of readjusting them in case there is competition with others.

The most important point is that RT-Mart group has shut only two stores since its creation in the context of competition intensification. In comparison, Wal-Mart shut 13 stores in the same year.

3.2. Wal-Mart Group in China

Wal-Mart was created in 1962 in Arkansas by Sam Walton, who is a legendary figure in the domain of American retail commerce. Wal-Mart group aims at helping clients save up money. It implemented this commitment by proposing low prices. Next, the company always offers first-class service which goes with the respect of this principle "Excellent service, outstanding employees". When clients arrive, they have the feeling they enter their own home. Furthermore, Wal-Mart also puts at clients' disposal a multi-service counter. Thus, consumers can buy all that they want in a minimal time. It is exactly this type of practical shopping which attracts today's consumers. Wal-Mart has full faith both in the economy and the Chinese market and makes every effort to invest and achieve long-term development in China. Set up in China in 1996, the group employed about thirty thousand workers in this country in 2006, but more than 100,000 employees, 349 stores and 20 distribution centers in 2016. In China, Wal-Mart insists on doing shopping on the premises. Presently, it has established cooperation relations with more than 7,000 Chinese suppliers. Local products rate went beyond 95%.

At the same time, Wal-Mart gives much importance to talents' localization and diversity, particularly women's training and development and management improvement. Now, more than 99.9% of employees are Chinese citizens, more than 95% of general managers are Chinese people, the ratio of female employees has gone beyond 60% and about 42% of the managing staff is made of women. In 2009, the company created "Wal-Mart China Women's Development Commission" to quicken women's professional evolution. At the beginning of 2013, in order to better promote executive women's training and professional development in Wal-Mart, Women's Direction Institute was created.

Like other Wal-Mart stores in other countries throughout the world, Wal-Mart China remains faithful to its tradition: well manage each and every store, well serve each and every client. The opening of any new Wal-Mart store in China surely introduces advanced techniques and innovative retail concepts in the store. While stimulating competition, it also helps increase the level of activities and retail trade service quality.

In 2017, 31 new Wal-Mart were opened in China: 27 Wal-Mart Supercentres and 4 Sam's Clubs. According to its vice-president, Shi Jiaqi, Wal-Mart group is planning to open 30-40

new stores in China. Moreover, it will invest 300 million Yuan to strengthen the position of 50 supermarkets. In the future, Wal-Mart will accelerate the development of its e-commerce, fresh products and its own mark.

Wal-Mart group hopes to better get adapted to new economic circumstances of China and create more jobs. Wal-Mart will be a good corporative citizen which succeeded in renewing its trust in consumers.

The remark is each company has its own way of doing things. For RT-Mart, the development procedure includes imitation, transformation and cooperation. It empowers stores so that they can have a quick reaction in any circumstance. Besides, Wal-Mart is still holding to its own principle and management tradition, meanwhile, it is making efforts to get adapted to the situation of the Chinese market. Its systematic management of human resources is a spot of light.

CHAPTER IV: METHODOLOGY

The objective of this study is analyzing the differentiation strategy between RT-Mart and Wal-Mart and finding how it can be linked to their performance in the context of supermarkets in China. Interviewing is the methodology of data collection used in this study. The target objective in this chapter is presenting methodological approaches used in this research.

4.1 Procedures of Data Collection

To better conduct our work, we got in touch with resource persons who work in the sector of hypermarkets based in Guangdong in China in general and in Guangzhou in particular. We chose Guangzhou as the geographical distribution area of hypermarkets submitted to our study because it is an important city which is the third greatest town (in the South) of China, in the delta of the Pearls River, which might have up to 14,904 400 million inhabitants in 2018. It is the capital city of the province which has recorded for years the highest Gross Domestic Product (GDP) in China during this phenomenal booming or this extensive marketization of the Chinese economy (Vahabi Mehrdad 1995:26). The city of Guangzhou is an industrial and business centre in China where many multinational companies established, including Wal-Mart, RT-Mart, Carrefour, Costco, Metro, etc. considering its population's strong buying power.

According to Goolsby and Hunt (1992), the group of senior executives and that of professional sellers of both hypermarkets submitted to the study were aimed at as sample population in this study. Thanks to their experience in the strategy of retail trade market, their familiarity with the company strategies and the daily operations were considered important aspects motivating their selection to participate in the research study. Moreover, these senior executives and professionals were regarded as the most qualified and representative players of the industry of hypermarkets compared to any other category of the population in the domain.

4.2 Interviews

We have considered interviews the best method to adopt for this type of survey thanks to its practicality and efficiency in the study. We have chosen interviews because they are more appropriate to collect data we need for this study. Our option for interviews was decided considering its flexible, practical and efficient nature particularly in this precise case

because, here, we have to collect highly sensitive data which can compromise the position of the company in its growth strategy or market conquest strategy. To facilitate these data collection, we wrote a letter beforehand in which we widely and clearly explained the purposes of our research and what we will use these collected data for. We also assured participants of our responsibility to protect all the information that would be collected during interviews for analysis needs, but we insisted on the fact that neither their family names nor their first names would be mentioned as sources of this information (Deschamps 1989; Habermas 1992). We also told them their identity would be strictly protected and the content of our discussion would never be revealed to their colleagues and superiors.

In this research, the priority is given to in-depth interview which is a qualitative research technique consisting in conducting intensive individual interviews with a small number of participants to get their viewpoints on an idea, a program or a situation (Boyce & Neale). For instance, we could ask participants, employees and other persons involved in a program about their experiences and expectations related to the program, their thoughts about operations, the processes and results of the program, as well as the changes they detect as such as a consequence of their involvement in the program.

According to Taylor and Bogdan (1984 :77) and Bogdan and Taylor, S. (1975), the in-depth interview goes off between a researcher and participants to understand participants' opinions about their lives, or situations as expressed through their own words. According to Kumar (2005), this definition pinpoints two essential characteristics of the in-depth interview: first, it supposes a face-to-face meeting; a repeated interaction between the researcher and his/her interviewee; then, the researcher tries and understands the participant's opinions. Considering the repeated contracts thus a long period of time spent together, it is supposed the relations between the researcher and the participants will be improved, and that understanding and mutual trust will impact data quality and precision.

For specialists, this method has many advantages. The main advantage of in-depth interviews is they give much more detailed information than those available via other methods of data collection, such as surveys. They can also create a more relaxed atmosphere in which information can be collected – people can feel more at ease to make conversation with you about their program rather than fill in a survey (Boyce & Neale 2006). So, we succeeded in carrying out an interview with a group of 15 employees of professional sellers for each hypermarket in Guangzhou.

To conclude, we have adopted in this research paper the qualitative method based on the interview of the surveyed population. The geographical location of the research is Canton City. We mainly focused on two hypermarkets: RT-Mart and Wal-Mart. For the interview, we followed procedures proposed by experts and researchers (Boyce & Neale 2006; Kumar 2005; Taylor & Bogdan 1984:77) in the framework of information collection for the analysis of this study as well as in the use of adequate instruments such as data recording and transcription after an interview. The following chapter will deal with data analysis.

CHAPTER V: DATA ANALYSIS

In order to do a deeper study on the strategies of RT-Mart and Wal-Mart, we analyzed the data obtained through interviews. The objective of this chapter is presenting the results and finding the strategy differences of both hypermarkets. For that purpose, we took theories of

the competition strategy from Michael E. Porter (1980; 1985) teaching at Harvard University in the USA (See Figure 1 below).

5.1. Differentiation Strategy

The company has at its disposal more than a type of means to achieve its differentiation strategy; it can be the design, the high-class image, the service, the design feature, etc (Arnold 1992). Better do the differentiation for many reasons (Hou & Wang, 2016). RT-Mart and Wal-Mart also created their differentiation strategies to win in the different competitions.

RT-Mart gives great importance to its reputation. To enjoy good reputation, it tries to do a lot so as to win clients' heart. For example, it has a good quality assurance. One of its employees who was interviewed, talked about products quality guarantee period. There is no expired product in RT-Mart, because all products are sent back to factories six months before their expiry dates. Then, all the cooked foods of the supermarket are prepared the same day, sold or thrown away the same day. RT-Mart doesn't keep foods even for a day more.

The quality of its products is strictly controlled. Next, there are various products, so clients can buy whatever they want. The service is not limited, and employees are disciplined and methodical. The most especial point is that RT-Mart possesses its own bus which can transport clients free of charge by simply presenting the sales slip.

For Wal-Mart, its products quality is also well controlled. Next, it has much more imported products than other supermarkets in China. About its service, Wal-Mart has its own service principle: clients' satisfaction to 100%. On the other hand, Wal-Mart is good at taste control. From interviews, Wal-Mart saves its taste on everything. First, it is particularly its logistics. Thanks to its sophisticated logistics system, Wal-Mart is at an important position in the domain of logistics management. It set up a sophisticated computer system for products storage and distribution. Second, the decoration of its supermarkets is very simple and sober. Third, it makes efforts to reduce ordinary spending by rewarding its employees once the limits are respected. Fourth, the bulk of Wal-Mart goods in China are made in Chinese factories.

Therefore, transportation bills are less expensive. It also has a good location strategy. In addition to, Wal-Mart established a long-term cooperation with its suppliers and is on excellent terms with factories. In this case, it can introduce goods at very low prices as far as possible. Thus, many people think Wal-Mart masters how to save up.

5.2. Price Strategy

All the supermarkets try and offer low prices to attract more consumers. RT-Mart practices low prices strategy in general. RT-Mart stores are authorized to change the price of a product depending on the circumstances of the moment. For instance, if there is a product sold at a very low price in the stores of one of its competitors, then price competition will start. But, RT-Mart store can adjust its price for the same product up to the same price proposed by others or ask even less. It is its price strategy to get adapted to the competition in the market.

Contrary to RT-Mart, Wal-Mart store cannot change prices on its own. Prices are fixed by Wal-Mart Headquarters. Wal-Mart slogan is 'Everyday low prices'. It always proposes low prices thanks to its perfect price control. Prices which are sometimes proposed are lower

to products costs, but it will fill the gap with additional products. This strategy created a low-price illusion and encourages clients to gladly buy more products every time.

Through interviews, we could understand that Wal-Mart likes fixing prices with a limit of 0.99 which also creates a low prices sensation. It shows that Wal-Mart fixes prices depending on consumers' psychology and the application of low prices does not simply result from the good control of taste, in addition some tricks are also necessary.

5.3. Storage Strategy

The storage of RT-Mart and that of Wal-Mart are quite different. RT-Mart possesses a big warehouse to distribute goods in each region and store. When it has surplus goods, it will send them back to the warehouse and the latter will redistribute these products to other stores depending on the needs and selling situation. Wal-Mart has rare stock shortages. Generally, one or two days are necessary for the restocking. Compared to RT-Mart, Wal-Mart is more powerful in the storage management. The entire logistics system belongs to Wal-Mart itself, including lorries in charge of goods delivery. Once it needs transporting goods, all the lorries are available. It does not need to contact other logistics companies. It gains time and saves up the transfer cost at the same time. Wal-Mart logistics system built up a computer system between the warehouse, the stores and factories. All the products are recorded in this system. Thus, the warehouse is informed about any mobility of products. As soon as the store is out of stock, the warehouse will immediately restock with goods. The factories can also be informed about the real situation of sales in supermarkets and quickly adjust their production plan. So, there is no stock shortage in Wal-Mart. New technologies are used to reduce costs, stocks, and time limits (Guyantaise, 2009).

5.4. Promotion Strategy

From consumers' viewpoints, the real charm of supermarkets is just their promotion, because the offers satisfy consumers' buying desire. RT-Mart often does promotions. There are two types of price tags: the blue price tag and the yellow one. Yellow price tags refer to products intended for special-offers, because a remarkable color can easily draw clients' attention. Then, it does promotions which are exclusively reserved for members, in other words, only people who possess membership cards can benefit from these promotions. To spread information about promotions, RT-Mart makes flyers and asks its employees to walk on the streets showing their flyers. For Wal-Mart, apart from normal discounts, it also organizes other forms of promotions, for instance: once the buying amount reaches 110 Yuan, clients pay only 100 Yuan.

5.5. Human Resources Management

Human resources management is important for all the supermarkets. RT-Mart recruit's employees on sites devoted to employment, through job advertisements put at the entrance of supermarkets or through internal introduction. It also created groups on WeChat which are exclusively reserved for recruitment. The recruitments of Wal-Mart are also similar, but it is more demanding on applications. All the Wal-Mart employees who were interviewed think that their colleagues are highly qualified. Apart from RT-Mart means of recruitment, Wal-Mart also enters campuses to present their business and recruit.

RT-Mart and Wal-Mart have their own training systems for their employees, but their training durations and contents are somehow different. RT-Mart organizes training sessions according to different services every month: the defense training against fire, foods to sell

in supermarkets preparation training, security training, courtesy training, buying guide training, training on contracts or social security, etc.

As for Wal-Mart training, there are usual formulas of courtesy, professional training, foreign language acquisition training, technical training for workers in technical domain, training for change of position, etc. The duration of the training will be decided by the company.

On the basis of the above-mentioned analysis, we can conclude that the differentiation strategy includes many aspects. One must know one's own strength and develop it so as to make the difference with one's competitors. Then, the price strategy and that of promotions are related to consumers' psychology and the needs of the market. Next, the logistics computer system is a necessary trend for the stock management. Finally, all the big supermarkets organize training sessions for their employees which represent a key for their professional development.

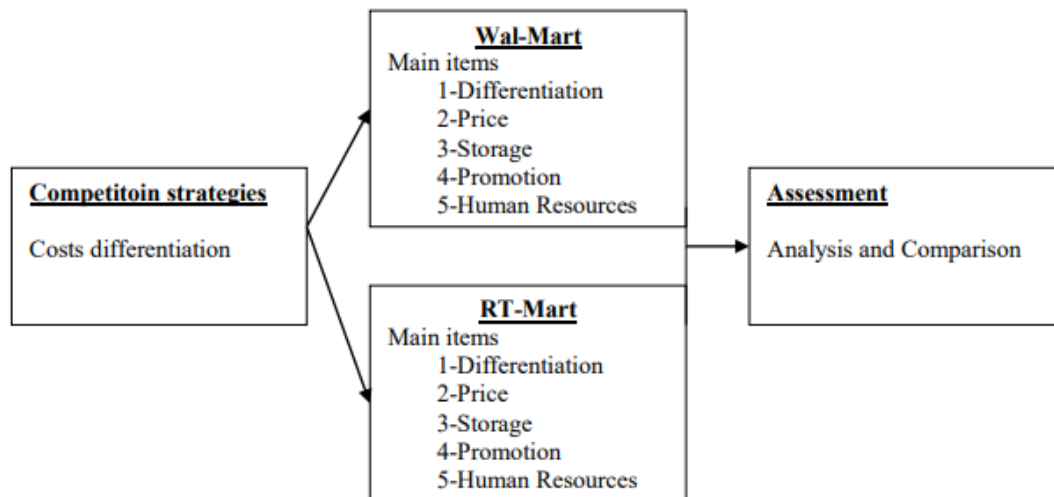


Figure 1: Competition Strategies

CHAPTER VI: CONCLUSION

This study presents the differentiation strategy of foreign and Chinese hypermarkets, then introduces hypermarkets development, especially that of supermarkets in China, while focusing on RT-Mart and Wal-Mart. The findings helped us know that there is a differentiation between Wal-Mart and RT-Mart in terms of price, storage, promotions, and human resources management strategy, etc. Everyone can learn from some useful management experiences.

About the differentiation strategy, better do much differentiation as far as possible, but in rational proportions. In fierce competitions in the domain of hypermarkets, it is necessary to be distinguished by the solid quality of products, the exquisite packaging, the original and perfect service, low prices, diversified categories, goods efficient distribution, etc. One must make efforts to be irreplaceable in consumers' hearts.

As for the price strategy, all the strategies are centered on how to deal with low prices in front of consumers. But one should be rational about carrying the realization of low prices. Any company, whatever its objective, wishes it could fix prices that can help at least cover production, distribution and sales costs (Ismail 2012). It is a good means to save up the price of all the products so as to reduce the prices of products. We also need clever ways for the management of products prices: fixing prices with a limit of 0.99 or 0.98, finding a

remarkable color for price tags of products destined for special-offers, promoting by showing the discount of a new method.

As far as the storage strategy is concerned, Wal-Mart is a good model for other companies. Perhaps, it is not easy to carry out such a large-scale computer system logistics as that of Wal-Mart, for a great capital and logistics investment we can create our own methods. For instance, having an equal and close link with suppliers and establishing information exchanges about products with them. It would also be important to conduct complete surveys on the market to better control products making and distribution.

About the promotion strategy, the beastly buying of promotional products must be avoided. A limit of acceptable quantity will be a good solution. Then, it would be better to estimate with precision the prices of additional products before the promotion to increase as far as possible the profits amassed during the promotion period.

Finally, human resources management should be taken into consideration as other strategies. From Wal-Mart and RT-Mart experiences, a precise, detailed and professional plan must be elaborated for employees' training. The salary is not a decisive element for people to choose a job. The atmosphere at work and a good professional development prospect also attract the talent. Therefore, company managers should understand employees' needs and create an atmosphere which can permit the salaried employees to find their job very fulfilling. Though this study has some limits, we wish the analyses could contribute to the good management of hypermarkets in China.

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