

# Research on Fat Donglai's Business Management Model and Marketing Strategy

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**Abstract.** With the rapid development of China's retail industry and the diversification of consumer markets, enterprises are facing unprecedented opportunities and challenges. In this context, Fat Donglai, as a unique retail enterprise, stands out in the competitive market with its unique business management model and marketing strategy. This paper aims to explore the business management model and marketing strategy of Fat Donglai, and analyze the key factors for its success in the highly competitive retail industry. Through the in-depth study of Fat Donglai's corporate culture, supply chain management, staff management and customer service, this paper reveals its customer-centered service concept and strict selection strategy of high-quality products. In addition, the research analyzes its brand positioning, product strategy, price strategy and innovative promotion means, showing how Fat Donglai improves its market competitiveness through differentiated positioning and customer experience. Despite limitations in data sources and sample size, the study provides valuable insights and practical guidance for the retail industry. Future research will continue to explore Fat Donglai's digital transformation and its expansion opportunities in emerging markets to further enrich relevant theoretical and practical applications.

**Keywords:** Corporate culture, brand positioning, customer service, innovation management, Fat Donglai.

## 1. Introduction

In the context of the rapid development of China's retail industry, consumer demand is constantly changing, and the market competition is becoming increasingly fierce. Faced with such an environment, enterprises must constantly innovate and optimize their management and marketing strategies to maintain market competitiveness. As a customer-centric retail enterprise, Fat Donglai has risen rapidly and occupied a place in the market with its unique business management model and high-quality service since its establishment in 1995. Therefore, the in-depth study of its successful experience can not only provide new perspectives and cases for the field of retail management, enrich relevant theories, but also provide practical references for other enterprises in formulating management and marketing strategies, help them achieve breakthroughs in market competition, and promote the attention of the entire retail industry to management innovation and service improvement. Promote the healthy development of the industry. After reviewing the existing literature, this paper forms the theoretical basis for Fat Donglai's business model and marketing strategy. Secondly, through the in-depth study of the successful cases of Fat Donglai, the successful experience of its management and marketing is refined. Finally, compare the strategy of Fat Donglai with other retail enterprises to find out its unique points. In the process of writing the article, this study first introduces the origin and achievements of Fat Donglai. Secondly, it analyzes its business management mode, including corporate culture, supply chain management, staff management and customer service. Thirdly, it analyzes its marketing strategy to find out the reason why it has the advantage in the market competition. Finally, this paper discusses the challenges in the current stage of the development of Fat Donglai's business model, and puts forward the corresponding future development strategies.

## 2. Literature Review

### 2.1. Fat Donglai Profile

Headquartered in Xuchang City, Henan Province, Fat Donglai was founded in 1995 as a retail-oriented enterprise, focusing on providing high-quality goods and excellent customer service. Its founders built the company with the concept of “customer first”, aiming to attract consumers through strict product screening and a good shopping experience. From a tobacco hotel of only 40 square meters at that time to the current chain store with 13 stores in Henan, the sales revenue of more than 10 billion yuan in 2023, is known as “the ceiling of China’s new retail business”. Fat Donglai Group covers professional department stores, catering, tea shops, jewelry stores, clothing stores, medicine, cosmetics, electronic appliances, lifestyle supermarkets, etc., and is known as one of the most tidy and distinctive enterprises in China’s retail industry [1].

### 2.2. Fat Donglai Financial Data Display

According to the “2023 China Chain TOP100” list data released by the China Chain Management Association, in 2023, Fat Donglai only based on 13 stores located in Xuchang and Xinxiang, to achieve trade revenue of 10.7 billion yuan, and according to Depont Securities estimates, Fat Donglai 2023 net profit of about 140 million yuan. According to China’s retail industry data, Fat Donglai’s personal efficiency and ping efficiency rank first among Chinese private enterprises [2].

## 3. Fat Donglai’s Business Management Model

### 3.1. Corporate Culture

Fat Donglai is a place to sell goods, and other business super in the country is completely different from here from outside to inside cannot see any advertising shadow, in the entrance and exit and other people must pass through the ground, no giant posters, no colorful billboards, only spread Fat Donglai corporate culture. Fat Donglai’s corporate culture concept takes “freedom and love” as the belief, “spreading advanced cultural concepts” as the mission, and “achieving a sunny life” as the vision. In Fat Donglai, employees should love whatever they do from the bottom of their hearts, because Yu Donglai, the boss of Fat Donglai, believes that only in this way can employees generate enthusiasm and motivation, focus, create quality, and feel the happiness they enjoy. This creates a positive working atmosphere and promotes a sense of belonging and identity among employees.

This cultural philosophy applies not only to employees, but also to customer service. In terms of service quality, Fat Donglai to do the ultimate. Fat Donglai’s customer-centric service concept runs through every link of its business, emphasizing the principle of “customer first” and encouraging employees to provide intimate service from the perspective of customers. They know that service is the lifeline of the enterprise, only by providing quality service, to win the hearts of consumers, therefore, Fat Donglai invests a lot of energy in staff training, to ensure that every employee can serve consumers with enthusiasm and professional attitude. Whether it is the layout of the shopping environment, or the details of the commodity display, Fat Donglai strives to do the best, so that consumers feel happy and comfortable in the process of shopping.

### 3.2. Supply Chain Management

First, in the entire supply chain, procurement is the source of cost control. Therefore, to reduce the cost of the supply chain, Xuchang Fat Donglai Trading Group, Xinyang Xia-Mei Commercial Co., LTD., Nanyang Wan DeLong Company, Luoyang Da Zhang Company, jointly initiated in 2001, and jointly established a joint procurement and joint development of the “voluntary chain” organization in 2002. In addition, Fat Donglai also launched its own brands in baking, fresh, wine and other categories. Fat Donglai to greatly reduce procurement costs through various measures. Secondly, the cold chain transportation link of the comprehensive supermarket will not only cost a lot of money,

but also it is difficult to ensure the freshness of fruits and vegetables. However, Fat Donglai specially purchased domestic and foreign high-end brands of refrigeration equipment, freezer, cold storage, etc., respectively with different temperature Settings, from the receiving dock to the shipping dock, cold chain products do not take off the cold. To solve the loss caused by the distribution process, Fat Donglai established a distribution center in 1999 to integrate and allocate, transport and other links to facilitate the transfer of direct procurement goods and distribution to various stores, and ensure the freshness of food ingredients as much as possible.

In terms of improving the capacity efficiency of the entire self-owned brand, in October 2022, Fat Donglai Industrial Logistics Park was officially put into operation, investing 1.5 billion industrial parks, covering an area of 150 acres, integrating logistics center, central kitchen, integrated office, product research and development, processing and distribution of end products in the retail industry (Data from: <https://www.foodtalks.cn/news/48969>). Under this full-scale park, Fat Donglai has established a financial settlement system with clear rules, so that suppliers have eliminated the hidden worries of being in arrears, formed a benign and mutual trust purchase and sales system, and effectively reduced the operating risks of suppliers.

Finally, it is the information support of Fat Donglai to suppliers, through the establishment of information sharing mechanism, to achieve real-time transmission of inventory and other information, to achieve an efficient collaborative mode with suppliers and logistics companies, to ensure the quality and stability of supply. At the same time, Fat Donglai implements fine supply chain management to ensure the high quality of goods and the stability of supply. This involves not only a rigorous product selection process, but also a careful evaluation and selection of suppliers. Establish close cooperation with suppliers, form a stable cooperation network, and jointly enhance the competitiveness of products. In addition, modern information technology is used to optimize inventory management, reduce operating costs, and improve the ability to respond to market changes.

### 3.3. Employee Management

Fat Donglai to advocate the “people-oriented” business philosophy. On the one hand, pay attention to the growth and development of employees. By creating a positive corporate culture, we have successfully created a brand image with social responsibility and concern for employee growth. The company has set up a sound training system to carry out skills training, quality improvement and leadership training activities for different positions and levels, to ensure that every employee can get sufficient learning and development opportunities. For example, regular professional knowledge lectures, skills competitions and practical exercises are held, so that employees can continuously improve themselves in the work, to show higher professionalism in the process of providing services and enhance customer satisfaction. On the other hand, it is also well known by most people, Fat Donglai also reflects the care and respect for employees in the compensation and welfare system. In Xuchang, a small city with a per capita income of only 3,500 to 4,000 yuan, the average minimum wage for Fat Donglai employees is also more than 6,500 yuan [3].

In addition to providing competitive salary treatment, there is also a year-end bonus, excellent staff awards, equity incentives and other diversified incentive mechanism, and take out 30% of the profits to employees every year. Fat Donglai also extended paid annual leave to 40 days, 10 of which required employees to use for long-distance travel, adding up to 135 days of vacation a year [4]. In this company, employees work 7-8 hours a day and are not allowed to take work calls during non-working hours; Sit while you work to avoid overexertion; The lounge area is equipped with Bose or Marshall speakers to relax with music; There is also a coffee machine in the warehouse. Even, as early as 2017, Fat Donglai also invested 6 million yuan to build an exclusive bookstore for employees, to improve the taste and quality of employees, so that employees can share the results of enterprise development, and improve their work enthusiasm and sense of belonging. At the same time, the company cares about the life of employees, provides a comfortable working environment, reasonable arrangement of working hours, and set up a series of supporting facilities such as staff restaurants, rest areas, gyms, etc., to create a happy and healthy working and living environment for employees [5].

At a time when other companies are trying to undervalue their workers and underpay them. In Fat Donglai, 95% of the profits will be distributed to employees, and employees will have “grievance award”, “unhappy leave” and other subsidies, if employees in the work in a bad mood, by the boss scold and other situations, the company will give them considerable subsidies in cash, as well as paid holidays. In addition, Fat Donglai attaches great importance to the construction of corporate culture and the cultivation of team cohesion. The company holds a variety of team activities, such as annual celebration, employee travel, family day, etc., to enhance the emotional communication and teamwork spirit among employees, and create a positive, solidarity and mutual assistance corporate culture atmosphere. This deeply rooted corporate culture has greatly improved employees’ sense of identity and satisfaction with the company, and prompted them to serve more attentively in their daily work and practice the company’s values with practical actions. For example, in the particularly cold winter period, considering the hardship of front-line employees’ outdoor work, the company will purchase cold-proof supplies to distribute to employees, which greatly improves the happiness and enthusiasm of employees.

Fat Donglai wrote in the “Letter to applicants”: “Fat Donglai hopes to share, disseminate and practice advanced cultural concepts like schools through the carrier of enterprises, guide employees to understand and establish scientific beliefs, understand the standards of life and work, learn and understand the truth of life and life, gradually cultivate a sound personality, and achieve a sunny personality of life!” At the same time, to provide the society with a healthy, fair, sincere business model and scientific operation system model, inspire and drive more enterprises to a healthier, quality, relaxed, free, happy state of business and life, leading and promoting the society to a better direction of progress.

### 3.4. Customer Service

Fat Donglai implements a personalized and differentiated service strategy, and is committed to providing each customer with a unique shopping experience. Through the in-depth analysis of customer preferences, we design exclusive service schemes to meet the needs of different customers [6]. Into the supermarket, if it is inconvenient for consumers, Fat Donglai will basically consider and arrange for you, so that your spiritual needs are met. When shopping in the supermarket, Fat Donglai provides seven different shopping carts for consumers of different ages and shopping needs, regardless of height, Fat and thin, men and women, young and old, there is always a suitable for customers. In the field of clothing shoes and socks, you will see that the biggest difference between Fat Donglai socks and other supermarket socks is that they do not have packaging. In this way, customers can see the color of the socks and feel the hand feel, and it is more convenient for customers to choose the right socks. For consumers shopping with pets, Fat Donglai provides pet storage in the underground parking lot, and equipped with pet water dispenser; Self-service water dispensers are available on each floor, with a choice of hot, warm and cold water and disposable paper cups. Not only are magnifying glasses prepared for the elderly at the commodity counters, but fresh food will be marked with how to eat it. Such humanized service details can be seen everywhere in Fat Donglai, countless. In the view of Fat Donglai, the goods provided for customers are material needs, and services are spiritual needs, both of which are equally important.

At the same time, the company has established a mechanism for rapid response to customer feedback, timely handling customer suggestions and complaints, to enhance customer satisfaction and loyalty. This service-oriented strategy makes Fat Donglai stand out in the fierce market competition and win a good reputation [7].

Take Fat Donglai to the movie sales as an example, if the customer sees half of the movie is not good, you can go to the staff at any time to refund the ticket. Fat Donglai to advocate is happy consumption, cannot make your heart unhappy, must return the ticket. If you think the movie is not good, you can even refund the ticket within 20 minutes from the beginning to the end of the movie. Similarly, if you find that the food you buy is not to your appetite, even if you have eaten it, Fat

Donglai will give you a full refund or provide other food at the same price for free. In addition, Fat Donglai attaches great importance to food safety and is extremely responsible.

In June 2024, some customers reported on the social platform that the production and hygiene environment of the Rolling dough stall of Xinxiang Fat Donglai joint restaurant was poor, and the Fat Donglai official immediately issued a notice that it would thoroughly investigate the matter, and temporarily closed all the joint stalls of Xinxiang two Fat Donglai joint restaurants, all for inspection, and set up an investigation team. After investigation, it was found that the Rolling dough temporarily set up a small stall next to it because of the renovation of the store, which resulted in the problem of production sanitation. Fat Donglai immediately released a six-page investigation report confirming that the video's description was true. Immediately, Fat Donglai gave the photographer a cash reward of 100,000 yuan, and all customers who bought food within 15 days of this gate, a full refund and compensation of 1,000 yuan per person, the total compensation amount of nearly 9 million yuan. This quality service makes fat Donglai stand out in the fierce market competition and win a good reputation.

#### **4. Fat Donglai's Marketing Strategy**

First, from the perspective of product positioning, Fat Donglai takes "quality and service" as the core and establishes a good brand image. Enhance customer trust and loyalty by consistently providing high quality products and excellent customer service. At the same time, Fat Donglai adopts a differentiated positioning strategy, focuses on product quality and service experience, and avoids falling into fierce price competition, thus forming a unique market competitive advantage [8]. This strategy not only enhances the value of the brand, but also shapes the brand perception in the minds of consumers.

Secondly, Fat Donglai implements strict high-quality screening and management in product strategy to ensure that every product can meet high standard quality requirements. Through cooperation with high-quality suppliers, Fat Donglai not only ensures the quality of goods, but also realizes the diversification of products, covering many categories such as food and daily necessities, to meet the needs of different consumers [9]. Through regular market research and customer feedback, the product line is continuously optimized to ensure that it can quickly adapt to market changes and consumer preferences.

Finally, in terms of price strategy, Fat Donglai adopts the strategy of balancing quality and price, highlighting cost performance, to attract middle and high-end consumer groups. Through in-depth analysis of the market and consumer behavior, differentiated pricing strategies for different consumer groups are formulated to provide reasonable price choices for customers at different levels. This flexible pricing strategy not only enhances the competitiveness of the market, but also helps customers feel that the shopping experience is better value for money.

In addition, Fat Donglai's promotion strategy emphasizes innovation and customer experience, designing attractive promotional activities to enhance customer stickiness and engagement. Through holidays, member days and other special events, combined with coupons, discounts and other means to enhance customer desire to buy [10]. At the same time, Fat Donglai pays attention to word-of-mouth marketing, encourages customers to share shopping experience, and further enhances brand influence and customer loyalty through online and offline interaction. This focus on customer experience not only drives sales growth, but also creates a positive brand image among customers.

#### **5. Challenges and Future Prospects**

##### **5.1. Challenges**

Fat Donglai in the rapid development at the same time, but also facing the challenge of intensifying industry competition. With the rise of new retail enterprises and the popularity of online shopping, traditional retailers are facing increasing market pressure, and the competition is becoming more and more fierce. In addition, supply chain and cost management have become important challenges.

Global economic fluctuations and rising logistics costs may affect the pricing and supply stability of products. Fat Donglai needs to optimize the cost structure and maintain good profitability while ensuring product quality [11]. These challenges require enterprises to respond flexibly and adjust their strategies in time to maintain competitive advantage.

## 5.2. Future Development Strategy

To meet the challenges, Fat Donglai will continue to optimize the supply chain and product quality, use modern information technology to improve the efficiency and transparency of the supply chain, and ensure the timely supply of goods and high quality.

At the same time, establish long-term cooperative relationships with suppliers to reduce procurement costs and risks. In addition, Fat Donglai also plans to further expand its market share and brand influence, expand new consumption scenarios and attract more target customers by strengthening the omni-channel strategy of online and offline integration [12]. Through the innovation of marketing activities and the increase of brand communication, we can enhance brand awareness, enhance customer loyalty, and lay a solid foundation for the long-term development of enterprises.

## 6. Conclusion

This paper makes a comprehensive analysis of Fat Donglai's business management model and marketing strategy, and deeply discusses its unique practices in corporate culture, supply chain management, employee management, customer service and other aspects, as well as the core elements of brand positioning, product strategy, price strategy and promotion strategy. Through the combination of case study and data analysis, we reveal the key factors of Fat Donglai's success and the reason why it stands out in the competitive retail market.

The fly in the ointment is that although this study provides an in-depth analysis of fat Donglai, there are still some limitations. First, the data mainly come from public information, and there may be incomplete information or bias, which will affect the comprehensiveness of the analysis. Secondly, the research mainly focuses on the successful experience of Fat Donglai, while the comparative analysis of other retail enterprises is insufficient, which may limit the wide applicability of the research. In addition, rapid changes in market conditions and consumer behavior may lead to a decline in the validity of research conclusions in the future.

Therefore, future research can further explore Fat Donglai's flexible strategies in responding to market changes, especially in the context of digital transformation and online and offline integration. In addition, the comparative analysis of other successful retail enterprises is added to provide more perspectives for a comprehensive understanding of the success of Fat Donglai model. At the same time, strengthen the research on the dynamic changes of customer behavior and satisfaction, to better predict the future development trend of retail industry, and help enterprises to formulate more forward-looking development strategies. Overall, the case of Fat Donglai provides valuable experience for the innovation and development of the retail industry, and future research will continue to pay attention to its influence and development path in the industry.

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