

A Study on the Market Competition and Positioning Between Membership Supermarkets and Ordinary Supermarkets in China

-- Taking Costco and Yonghui Supermarkets as examples

Baiyu Ji

The University of Waikato Joint Institute at Hangzhou City University, Hangzhou, China
32111184@stu.hzcu.edu.cn

Abstract: By comparing the competition and positioning of Costco and Yonghui Supermarket in the Chinese market, this paper discusses the operation mode, target customer group and competitive strategy of membership supermarket and ordinary supermarket. The paper first introduces the development history of membership supermarkets and the development of ordinary supermarkets in China, then analyzes the market positioning, competitive strategy and supply chain management of Costco and Yonghui supermarkets in detail, and puts forward optimization suggestions for future development.

Keywords: China membership supermarket, General supermarket, Market competition and positioning, Costco, Yonghui supermarket.

1. Introduction

1.1. The Development History of the Membership Supermarket in China

Membership supermarket refers to the store that buys and sells by organizing and managing its members. Its characteristic is the warehouse sales, the second is to use the membership system to lock the target customer group. There are two forms of membership supermarket membership: one is individual membership; the other is commercial membership. For most members, the appeal of membership-based supermarkets lies in the low price, good and convenient shopping environment, and novel and unique shopping methods. The route of membership-based supermarket itself is different from that of traditional supermarkets. Simplify SKU (inventory unit), reduce gross profit, pay attention to membership and service, which is different from the development characteristics of traditional supermarkets.

In recent years, the development of membership supermarkets in China has shown a trend of rapid growth, mainly due to their unique business model and increased consumer demand for high-quality goods and services. In 2022, Sam, Hema, Metro and others have accelerated the opening of member stores. Traditional supermarkets are faced with problems such as store contraction and declining customer flow, and membership-based supermarkets have become a new growth point. Data from IMedia Consulting show that in 2021, the warehouse member supermarket industry increased by 12.3% year on year, and the market size reached 30.43 billion yuan, which is expected to be close to 40 billion yuan by 2025.

1.2. The Development of Ordinary Supermarkets in China

With the continuous development of domestic Internet and e-commerce, the traditional growth model driven by traffic gradually comes to an end, and the "post-85 s" and "post-90

s" consumers are gradually becoming the core group of the retail market. With the upgrading of consumption concept and the improvement of consumption power, domestic physical retail enterprises are facing unprecedented challenges. Since the second half of 2020, physical retail sales and customer traffic began to decline, according to the survey. Statistics show that the total sales of China's top 100 chain stores in 2020 was about 2.4 trillion yuan, down 7.2% year on year, which is the first decline since statistics in 1997 (Sina Finance). Some retailers also showed a decline in the number of stores and net profits. The operation mode of traditional retail enterprises has been severely impacted, and the existing business models have gradually exposed their limitations. Therefore, all kinds of retail enterprises accelerate the exploration of the innovation and transformation of business models. In this context, the membership system warehouse supermarket format has re-entered the public view.

1.3. Costco Development in China

Costco opened the first Chinese mainland store in Shanghai in 2019. On the first day of opening, the company was restricted due to the excessive number of customers, showing its huge market attraction. As one of the world's largest member-based warehousing supermarkets, Costco has attracted Chinese consumers with its cost-effective goods, unique model of membership and imported goods. However, the development of Costco in China also faces challenges. First of all, the acceptance of the membership system by Chinese consumers is still on the rise, and some consumers have doubts about paying the membership fees. Second, Costco still needs to strengthen its supply chain localization and service optimization compared to local competitors such as Hema and Sams Club. In addition, the offline retail restrictions brought about by the epidemic have also had a certain impact on Costcos business, but the company has actively promoted online channels to expand its influence through cooperation with Tmall. In general, Costco has huge potential in the Chinese market, but it needs to address the

challenges.

1.4. The Development of Yonghui

As a local retail giant in China, Yonghui Supermarket takes fresh food as the core advantage, adopts the innovative mode of "supermarket + agriculture to super", and rapidly expands to many cities across the country. By 2023, Yonghui Supermarket has more than 1,000 stores in China, covering first-tier to third-tier cities. By working with local suppliers, Yonghui has greatly shortened the supply chain and ensured product freshness and price competitiveness. In addition, Yonghui actively embraces digital transformation, and cooperates with Tencent to launch Yonghui Life APP and mini program, providing consumers with convenient online and offline integration services. However, in the face of the impact of Sams Club, Hema and other new retail models, Yonghui Supermarket is also facing certain pressure. In recent years, it has accelerated the development of its own brands and high-end boutique supermarkets, while exploring innovative formats such as unmanned supermarkets to cope with market competition. In general, Yonghui Supermarket seeks a balance between scale and innovation, but it still needs to make further efforts in fine operation and user experience improvement.

1.5. Purpose of the Article

In this article, the author compares the market competition and positioning of Chinese membership supermarkets and ordinary supermarkets, taking Costco and Yonghui supermarkets as examples. By comparing and analyzing the operation mode, target customer groups and competitive strategies of membership supermarkets and ordinary supermarkets, the author will reveal their differentiated positioning and competitive advantages in the Chinese market. First of all, through literature research and industry reports, the market overview of the two types of supermarkets, including the selection logic and cost-effective strategy of membership-based supermarkets, as well as the diversified products and convenient services of ordinary supermarkets. Secondly, combined with the actual cases of Costco and Yonghui Supermarket, focus on the analysis of their specific practices and results in market positioning, supply chain management and user experience. Finally, by summarizing the model of market competition, the author will put forward optimization suggestions for the future development of the two types of supermarkets, to help them find a better positioning in the increasingly fierce market and achieve coordinated development.

2. literature Review

2.1. Overview of the Membership Supermarket Market

The history of membership-based supermarkets in China can be traced back to the in-depth development of China's reform and opening up in the 1990s. In September 1996, Beijing Pulsmart Member Shopping Group was registered and established. In December of the same year, its first member manufacturer supermarket was opened in Xueqing Road, Haidian District, Beijing. With its positioning in the middle and high-end and providing differentiated products, Pulmart has attracted the attention of some high-income consumers and film and television industry and business people. Subsequently, Sams Club, Makron, Metro and other

foreign membership manufacturers successively entered the Chinese market, injecting vitality into the development of membership business in the early days in China, and once set off a boom of membership retail.

The warehouse member supermarket represented by Sam has long been regarded as "imported products". Its main innovative methods such as the membership system and system of sells in bulk have dominated the Chinese market for many years, while domestic brands have been in the blank for a long time. Until 2020, when warehouse membership supermarkets began to become popular, many brick-and-mortar retailers began to transform to warehouse membership supermarkets. Hema X member store is the first to eat crab in Shanghai, Fudi, Yonghui, Vegetable, Beijing Hualian and other players follow the trend, China's local warehouse membership supermarket ushered in a blowout trend, the warehouse member supermarket industry has become a red sea, and the domestic consumer market ushered in the outbreak node. Sam announced that the number of stores will increase to 100 in the next 8 years, Costco reported in Shanghai, Suzhou, Shenzhen, Hangzhou and other cities, and Hema announced that it will complete the replication of X member stores "from 1 to 10", emitting a strong "only fast not broken" Internet gene [1].

2.2. The Current Chinas General Supermarket Market Industry Overview

As a commercial form of business, supermarket has a history of more than 70 years in foreign countries. In the mid-1980s, supermarkets with department stores and food appeared. In the early 1990s, supermarkets entered the initial stage, and now entered the competition stage of subdivision differentiation and large-scale chain. According to the Qianzhan Industry Research Institute, the market size of China's supermarket industry will be about 2.5 trillion yuan in 2023. It is expected that by 2028, market size will grow at an average annual compound growth rate of 2% to 3.55 trillion yuan (China Economic Information Network, 2024). China's supermarket industry has fierce competition, low market concentration, showing the characteristics of fragmentation. In 2023, the scale of sales in Top 100 supermarket enterprises is 868 billion yuan, with a total number of 23,800 stores. Among them, there are 7 enterprises with a sales scale of more than 50 billion yuan, and Wal-Mart (China) ranked first with a sales volume of 120.2 billion yuan [2].

At the present stage, China's ordinary supermarkets show four development trends: first, digital transformation, Supermarket enterprises to accelerate the integration of online and offline, Optimize supply chain management with big data and artificial intelligence technologies, which improves the consumer shopping experience. Second, diversification, by introducing the business forms of catering, leisure and entertainment, Enrich the shopping scene, enhances the consumer engagement and increase revenue sources. Third, differentiated competition, Focus on specific target consumer groups, which provides customized goods and services that create a unique market positioning. Fourth, supply chain optimization, by enhancing private-brand development, improves commodity competitiveness. While optimizing the structure of the supply chain, thus significantly improving operational efficiency.

2.3. Market Positioning

2.3.1. Market positioning of Costco

Research shows that the selected SKU strategy is the core of improving enterprise operational efficiency (CEIBS, 2019). In addition, Costcos own brand Kirkland Signature further strengthens its cost-effective image by offering high-quality, low-price products. On the other hand, the membership model is considered to be an important means for Costco to screen target consumers and increase revenue (CEIBS, 2019). Although the above studies revealed the successful path of Costco in the US market, the adaptability of its strategies in emerging markets, especially in regions with different cultural and consumption habits, remains to be further explored.

2.3.2. Market positioning of Yonghui Supermarket

In recent years, the research on the market positioning of Chinese retail enterprises gradually focuses on the combination of their omni-channel development and consumer demand. Yonghui Supermarket is regarded as one of the successful cases, and its market positioning focuses on the construction of an omni-channel retail platform, and provides diversified shopping experience through the integration of online and offline resources (Founder Securities, 2023). With fresh products as the core, Yonghui Supermarket has won the wide favor of consumers by creating the image of "Minsheng Supermarket", and occupies an important position in the market with its differentiated competitive advantage. In addition, Yonghui Supermarket actively explores a variety of business forms, including Red Standard Store (Minsheng Supermarket), Bravo (boutique), Yonghui Mini, Super species, Yonghui Life and Storage member stores, aiming to meet the needs of different levels of consumer groups and expand customer coverage. According to statistics, since the first supermarket was opened in Fujian in 2000, Yonghui supermarket has expanded rapidly and has covered 29 provinces in the country, entered 532 cities (districts, counties), with 1004 stores. This layout reflects its strategic intention to build a retail network featuring fresh food across the country. In general, Yonghui Supermarket has set up a successful model featuring omni-channel retail in the retail market with its distinctive market positioning and multi-format strategy.

2.3.3. Costco Supply Chain strategy

Costco Adopt the supply chain strategy of "global procurement + supplier management + private brand", and establish an industrial supply chain with connected economic interests and close business relationship to achieve complementary advantages (Sohu News). Costco The selection of suppliers not only considers the product quality, design and other aspects, but also concerns the supplier's ability to fulfill the commitment, such as whether to comply with the agreed delivery time. In addition, private-brand Kirkland makes up for the disadvantages of external suppliers, attracts consumers with low price and high quality, and increases consumer stickiness.

Supply chain management of Yonghui Supermarket:

Yonghui Supermarkets practice in supply chain management provides an important reference for the fresh retail industry. Its core strategy includes the mode of "direct sales + direct purchase", the layout of logistics distribution center, the application of supply chain finance and the optimization of inventory management. For example, Yonghui is purchasing directly from the origin, reducing

intermediate links, reduces costs and improves product freshness; meanwhile, establishing a modern logistics distribution center across the country to ensure the efficient circulation of fresh products and reduce the loss rate. In addition, Yonghui cooperates with financial institutions to carry out supply chain finance to provide financing support for suppliers and enhance the stability of supply chain. In terms of inventory management, Yonghui has improved its inventory turnover efficiency by streamlining its SKU and optimizing its procurement plans. These measures have effectively improved the efficiency of Yonghuis supply chain, provided a solid guarantee for its competitiveness in the fresh retail market, and also provided a typical case for supply chain management research.

2.3.4. Costco Practice in user experience

Costco A series of effective measures in user experience are designed to enhance membership satisfaction and loyalty. First, Costco is known for its easy return policy, which allows for unconditional returns, providing great convenience and trust for consumers (The Sun, 2024). In addition, by optimizing the store layout and display of products, Costco significantly improves efficiency of shopping which reduces consumers shopping time. At the same time, Costco also increases the shopping fun of customers through food tasting and affordable catering services, which has become a major advantage to attract customers [10].

2.3.5. Measures of Yonghui Supermarket in improving user experience

Firstly, in terms of store upgrading, Yonghui introduces catering, leisure and entertainment formats, which not only improves the shopping experience of consumers, but also expands the income source. Secondly, in the field of digital service, Yonghui greatly improves the shopping convenience of consumers. Moreover, Yonghui has established a perfect membership system, which enhances customer stickiness and brand loyalty by providing exclusive discounts and value-added services. These measures show that the retail enterprises can not only meet the diversified consumer needs through the comprehensive user experience optimization strategy, but also improve the overall business performance [11].

2.4. The Future Outlook

At present, the academic circle has made a series of studies on the comparison of membership supermarkets and ordinary supermarkets, which involve two types of stores in the selection, service, audience, business model, etc., which has laid a good theoretical foundation for this paper. Costco Improve operational efficiency by selecting SKU strategy, private brand Kirkland, membership model, etc., but the cultural differences in the Chinese market are still a challenge. At the same time, Yonghui Supermarket with the omni-channel retail strategy and rich supply chain management optimization, to achieve a successful breakthrough in the fresh market. On the whole, membership supermarkets have entered the Red Sea stage in the Chinese market, and the competition is becoming increasingly fierce. Brands compete for market share through differentiation, digitalization, omni-channel and other strategies. Costco Improve operational efficiency by selecting SKU strategy, private brand Kirkland, membership model, etc., but the cultural differences in the Chinese market are still a challenge. At the same time, Yonghui Supermarket with the omni-channel retail strategy and rich supply chain management optimization, to achieve a

successful breakthrough in the fresh market. Based on the above research results, I will further combine the actual cases of the two companies to discuss their effective results in market competition and positioning, and compare the suggestions for future development.

3. Costco Case Analysis of Yonghui Supermarket Development in China

3.1. Comparison of Market Positioning

3.1.1. Market positioning of Costco

Like many membership-based supermarkets, the Costco market targets the middle class, sits in the suburbs, and manages the supermarkets through its own properties (food courts, gas stations, etc.). Compared with other retailers, Costcos market positioning in China focuses on high cost performance and product selection. Costco The products is mainly sold in large packaging, the common form is multiple quantities of similar products, the average price of each product is lower than the price of retail supermarkets, thus forming the purpose of price advantage and high cost performance. In terms of commodity selection, Costco, like many member supermarkets, has a keen and strict eye for commodity selection. It strictly selects the brands below each category and controls the number of brands. For example, in the milk category in dairy products, only 10 SKU is selected. According to Mr.Li, the current purchasing director of Shanghai Hema Network Technology Co., Ltd. (Hema Xiansheng), Costcos product structure in China is relatively simplified, emphasizing high-quality fresh food and limited SKUs (about 4,000), among which its own brand Kirkland accounts for about 30% of the total SKUs. Compared with Sams Club 4800 SKUs, it has obvious streamlining advantages.

Costco After the accurate investigation of consumer demand, we can reduce the scope of product purchase, so as to accurately locate the products sold in stores, so as to achieve the purpose of reducing the cost and meeting customer needs. Costco The product category is mainly concentrated in the rigid consumer goods, accounting for about 2 / 3 of the total product volume, which to a large extent helps to enhance the loyalty of membership and increase the purchase frequency of consumers. The remaining 1 / 3 of the products are mostly sold for a limited time, such as Burberry, Moutai, Dyson, etc. These limited products not only provide consumers with more than expected shopping experience —, for example, originally intended to buy these limited goods, but failed to buy other goods, to stimulate the consumer's purchase desire and improve the each guest's consume price — at the same time, these goods are usually not common in the traditional supermarket, bring consumers a "unexpectedly can find these goods here" unique shopping experience, this is also warehouse stores compared with traditional supermarket significant advantage [12].

3.1.2. Market positioning of Yonghui Supermarket

As a traditional supermarket, Yonghui pays attention to the price advantage and fresh products, and has its own membership business super transformation. At present, Yonghui Supermarket can be roughly divided into four categories: offline supermarket, supply chain, new retail and finance. The four business segments refer to the business division basis of 2016-2017, but they can basically correspond to the current segment.

(1) Offline supermarket, namely the cloud super plate, is

the main business of the company. Including the main offline stores of Yonghui Supermarket, including Red Yonghui Supermarket (location Minsheng Supermarket), Green Yonghui Supermarket bravo (location boutique), and Yonghui mini.

(2) Supply chain is the cloud business plate. Mainly including Yonghui logistics, color food fresh, 1233S2B and other logistics, supply chain companies.

(3) New retail is the Yonghui cloud innovation plate. It mainly includes three business formats, Yonghui Life (offline fresh + convenience store business format), Yonghui life home (instant retail + express delivery home business), super species (positioning fresh + catering offline supermarket).

(4) Yonghui cloud gold. Finance-related business.

Food products and fresh food are the two big business segments. In 2021, the revenue of food supplies and fresh business was 44.1 billion yuan and 40.8 billion yuan, respectively. The proportion of fresh business has been stable since 2011, accounting for about 44% -45%.

From the perspective of business format, Yonghui supermarket red label store is the original form of hypermarket of Yonghui supermarket, which is positioned at the livelihood of fresh parity supermarket. Later, some were upgraded to green label stores. Yong hui supermarket green standard store (Bravo) since 2012, is yong hui supermarket high-end brand supermarket, is positioned to pay attention to the quality of life and the pursuit of high grade consumers, in-store goods and yong hui supermarket peoples livelihood, introduced a large number of high-end imported goods and fashion brand high-quality goods, on the commodity structure with the high level adjustment, create a set of high-quality goods, fashion as one of the shopping supermarket. The Bravo stores have been the main store increment in the past two years. Yonghui mini began to pilot in 2018. A small Yonghui supermarket has a small area and a streamlined category. After a large number of stores, it is also in the contraction, part of the positioning for the community vegetable market. Super Species has been operating since 2017, positioning fresh catering + high-end supermarkets, and marking Hema Fresh Food. Yonghui Life has been operating since 2015, positioning convenience stores + community fresh food stores. In May 2021, the company began to try out the warehouse member store model. By the end of the year, 53 stores have been opened, with a rapid growth of 32.9%. The warehouse member stores expand store channels to improve shopping comfort; reduce the number of goods, multi-faceted display, and make goods become salesmen; follow by logistics Support ring distribution, implement "clear" policy to ensure fresh quality; create "live" scenes such as baking, baking, handmade, good atmosphere. The shopping frequency of users in offline channels has increased significantly, but also attracted more new users, and the coverage of stores has been improved. The proportion of young users in some warehouse stores has increased significantly."Affordable benefit" occupies the strongest user mind, followed by grade upgrade, commodity variety [13].

3.2. Comparison of Competitive Strategie

3.2.1. Competitive strategy of Costco

Costco The business competition model in China focuses on attracting middle class consumers through cost-performance and selected goods. Its unique sales strategy includes large packaging and bundling, offering lower prices than traditional retailers and enhancing the price advantage.

In addition, Costco ensures product quality while optimizing inventory management by strictly selecting products and limiting the number of SKU in each category (for example, the milk category in dairy products contains only 10 SKU). This product selection strategy enables it to reduce redundancy, control costs, and maximize the core needs of the consumer. Costco IT also further enhances its market attracted by providing its own brand Kirkland with high quality and competitive prices. In addition, Costco attracts customers to stores through drainage strategies, such as low-cost gasoline and popular goods, and enhances customer participation and satisfaction through shopping experiences such as tasting and "treasure hunting". This series of strategies can effectively build the competitiveness of Costco in the Chinese market.

Costco How to maintain market competitiveness through single product procurement scale, supply chain management and private brand Kirkland. First, Costco adopts the global bulk procurement strategy to provide high-quality goods at low prices by centrally purchasing single items on a large scale and utilizing the cost advantage brought by the procurement scale, which ensures its appeal among price-sensitive consumers. In addition, Costcos supply chain management is highly streamlined and efficient, by reducing the number of SKU, ensuring inventory turnover and commodity quality while reducing operating costs. Private-brand Kirkland plays a key role in enhancing market competitiveness. It not only provides high-quality goods with competitive prices, but also enhances consumers brand loyalty to Costco and improves the purchase frequency by covering a wide range of categories. In these ways, Costco is able to maintain a high market share in the Chinese market and continuously optimize its products and services to maintain its competitive advantage.

3.2.2. Competitive strategy of Yonghui Supermarket

The business competition strategy of Yonghui Supermarket mainly focuses on the core advantage of fresh business, and continuously optimizes the supply chain management and promotes differentiated operation. Through the self-built cold chain logistics and direct production area purchasing mode, the company has improved the circulation efficiency and gross profit margin of fresh products, reduced the loss and reduced the transportation cost. In addition, Yonghui actively explores diversified retail formats, such as hypermarkets, boutiques and community fresh stores, to meet the needs of different consumers, and other innovative formats to improve service density and further expand market share.

In addition, Yonghui Supermarket also ensures a dominant advantage in the competition through flexible strategic adjustment and accurate market positioning. Through continuous equity investment and mergers and acquisitions, the company has accelerated the market expansion, and with the help of the cooperation between Wanda Commercial Management and Zhongbai Group, the company has obtained high-quality commercial real estate resources and further optimized the site selection strategy. In order to enhance its influence, Yonghui has also launched a number of private brands, such as "Tian Qu" and "YouSong", to improve consumer loyalty and brand recognition. At the same time, through the introduction of the partnership mechanism, Yonghui encourages employees to improve the work efficiency and optimize the operation management, to ensure the efficient execution and market competitiveness of the enterprise [7].

3.3. Comparison of Supply Chain Management

3.3.1. Supply Chain Management of Costco

Global procurement model, bulk procurement, and reduce the number of SKUs.

Costco Warehouse stores and bulk products mean that its supply chain operates differently from the average large retailer. The company from the supply chain to the retail space is a simple and efficient operation model, which can be fully reflected in its entire business model and the simple warehouse shelves, pallets and overall decoration in the store.

Costco The business competition strategy maintains its market competitiveness by optimizing the supply chain, controlling costs and promoting the growth of its own brands. First, Costco uses a "contactless" policy and a streamlined cross-delivery system to keep goods in the tray throughout the supply chain, thus reducing logistics and store labor and significant cost savings. In addition, Costcos limited SKU strategy, typically with only about 4,000 SKUs, greatly simplifies the inventory management process, improves efficiency, and reduces inventory management and operating costs compared to thousands of items from traditional retailers. At the same time, the limited SKU enables Costco to establish streamlined partnerships with suppliers to further optimize procurement operations and negotiate favorable terms.

Costco Adopt a comprehensive supply chain integration strategy in specific industries, covering all aspects from channel site selection, product selection to marketing and promotion. When selecting suppliers, Costco strictly evaluates the product quality and whether the supplier can ensure the timely and accurate supply of products. Cooperation with many middle and high-end brands such as Rolex, Samsonite and Burberry, as well as with Moutai in the Chinese market, proves Costcos advantage in brand appeal. These brands usually negotiate with Costco through data such as customer flow and membership loyalty, and propose competitive sharing solutions, so as to achieve a win-win situation among member stores, consumers and brands.

In addition, Costco has a strong warehousing and logistics network with 24 logistics centers around the world, ensuring that 30% of the goods are delivered directly from the manufacturer to the stores, while the rest are delivered by the manufacturer to the central warehouse. Under this logistics support system, Costco can ensure that the goods are delivered within 8 hours [8].

3.3.2. Supply Chain Management of Yonghui Supermarket

Yonghui supermarkets supply chain management strategy takes fresh products as the core, and focuses on improving supply chain efficiency and reducing costs. Through the implementation of the direct mining mode of origin, Yonghui can reduce the intermediate links, directly cooperate with the manufacturers, and control the product quality and procurement cost from the source. In addition, Yonghui has also established a perfect cold chain logistics system, to ensure that fresh products in the transportation and storage process to maintain the best state, reduce the loss rate, improve the logistics efficiency. This system not only covers the cold chain transportation from the origin to the store, but also further reduces the transportation and storage costs through the self-built storage and logistics facilities.

In order to improve the procurement efficiency and scale effect, Yonghui actively implemented regional unified

procurement and joint procurement strategies, formed partnerships with a number of retailers and suppliers, jointly improved the procurement volume and bargaining power, further reduced the cost of goods and increased the gross profit margin. In addition, Yonghui attaches great importance to the long-term cooperation with suppliers in the procurement process of fresh food and other commodities, and ensures a stable supply of goods and obtains a price advantage by establishing strategic partnerships. Through these innovative supply chain management measures, Yonghui has not only optimized its operational efficiency, but also occupied a favorable position in cost control and market competition, and successfully supported its expansion and growth in the fierce retail market [9].

4. Summary

Costco The competitive situation of Yonghui Supermarket in the Chinese market reflects two different retail strategies. Costco The market positioning in China focuses on the middle class, providing cost-effective goods through suburban location and membership-based business model. Its products are mainly sold in large packaging and bundled sales, selecting products and reducing the number of SKUs, effectively reducing costs and improving operational efficiency. Costco IT also provides products with competitive prices through its own brand Kirkland, and attracts consumers to enhance the shopping experience and customer loyalty through time-limited high-end brands such as Moutai and Burberry. With strong supply chain management and streamlined logistics systems, the Costco ensures rapid distribution and reduces labor costs, thus remaining attractive among price-sensitive consumers.

In contrast, Yonghui Supermarket focuses on the fresh business, controls the supply chain efficiency through self-built cold chain logistics and origin direct purchasing mode, improves the gross profit margin and reduces the loss. Yonghuis business diversification, in addition to the traditional hypermarket format, but also developed boutiques, community fresh stores (such as Yonghui mini), and new retail formats (such as Yonghui life, super species). Through joint procurement and regional unified procurement, Yonghui has improved its bargaining power, reduced costs, and consolidated its market position. In addition, Yonghui launched its own brands such as "Tian Qu" and "YouSong", which further enhanced its _ influence and consumer loyalty.

In terms of competitive strategy, Costco attracts customers through high cost performance and selected goods, and reduces costs with global bulk procurement, while Yonghui Supermarket strengthens its market share by optimizing supply chain management, expanding diversified formats and innovative businesses.

In the future, Costco can increase its market share by further localization of products and strengthening member exclusive activities, while Yonghui can deepen the integration of online and offline, and continue to optimize the supply chain and enhance the brand building. This will help them to improve their competitiveness in the fierce market competition.

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