

Thesis
3876

University of Stirling

Wah-leung Cheung

Department of Marketing

**Positioning Strategy in Retailing:
A Study of Wuhan Wing On Children Shopping
and Amusement Centre Company Limited**

Submitted for the Degree of Doctor of Philosophy

in the Faculty of Management

November 2001

02/03

ABSTRACT

“To position the product in the mind of the prospect,” this statement is very simple and straight forward, but the actual practice is complicated and profound. By adhering to the positioning concept and through the study of a children products store, this thesis investigates how people interpret positioning, studies the impact of positioning strategy on the designated store, reviews the retail market in China, tries to explain the influence of positioning on the customer shopping components, and looks at ways to revitalize the store business.

As a starting point, the background of the positioning concept is studied. By reviewing articles from both marketing and retailing perspectives, the nature of positioning concept is clarified and the conceptual framework for the positioning strategy process is also established.

To make the investigation of the Wuhan Wing On Children Shopping and Amusement Centre Company Limited, an overview of the retail market situation of the People’s Republic of China is done. The China market has good potential but, to get rewards from such a market, foreign retailers should be patient and have long term plans. Wuhan has potential for further growth too, but many foreign retailers might have overlooked such an emerging market. As a joint venture company, Wing On was established in late 1992 by the Hong Kong and China partners. Positioning itself as the most modern and largest children products store in both Wuhan and China, Wing On made breakthroughs in the Wuhan retail industry in terms of open-rack display system, goods return guarantee, service quality, computerisation, etc. Through such right positioning, the sales result was excellent. However, because of

the 'follow the wagon' effect, the store floor area of Wuhan doubled in 1996. Even then such a change did not affect Wing On very much, until the emergence of the new major competitor, Children World, which also positioned itself as the market leader. Then Wing On suffered.

Through the survey research with the customers and Wing On employees, and by analyzing the different groups of respondents, it is found that Wing On is lagging behind Children World in terms of overall attitudes measurement. Even for the fourteen store attribute comparison, Wing On is also at a disadvantageous condition, especially for the store facilities. Multiple regression analysis was used to trace the relationships between the background, shopping criteria, beliefs, and action of the frequent customers.

In view of the adverse situation, it is recommended that Wing On should reposition itself in order to revitalize its business. Under this circumstance, the relevant positioning statement and positioning strategy guidelines are suggested.

Through this study, it is found that the nature of positioning concept is segmentation, target marketing, and differentiation. Moreover, for better market performance, when applying the conceptual framework of the positioning strategy process, both the positioning statement and positioning strategy should be taken into consideration at the corporate management level. Also, there is a close linkage between marketing and positioning. On the whole, it is envisaged that the positioning/repositioning concept will be more important and popular in the days to come.

ACKNOWLEDGEMENTS

I am deeply grateful to Dr. Keri Davies, Senior Lecturer of the University of Stirling, for his constant guidance and encouragement during his supervision of this thesis. Also, I would like to thank the additional supervisor, Professor Leigh Sparks for his critical comments and feedback. At the same time, I acknowledge my gratitude to Wing On Department Stores (Hong Kong) Limited and especially Mr. Ngai-yin Chan of Wuhan Wing On Children Shopping and Amusement Centre Company Limited for his active support of this study. Last but not the least, I also thank Dr. Xinping Shi of Hong Kong Baptist University for his advice on data analysis. Above all, thanks must go to all those people who have been involved in this study. Without the support of the above persons, the submission of this thesis would not be possible.

TABLE OF CONTENTS

CHAPTER ONE INTRODUCTION

1.1 The New Positioning: The Latest on the World's #1 Business Strategy	1
1.2 Significance of the Study	2
1.2.1 The Principles of Marketing	2
1.2.2 The Positioning Concept in the Marketing Management Process Context	5
1.2.3 The Significance of the Positioning Concept	6
1.3 The Objectives of the Study	7
1.4 The Research Approaches	8
1.5 The Structure of the Thesis	9

CHAPTER TWO LITERATURE REVIEW

2.1 Introduction	15
2.2 Market Orientation, Retail Internationalisation, Organisational Change and Positioning	15
2.2.1 Market Orientation	15
2.2.2 Retail Internationalisation	18
2.2.3 Organisational Change	19
2.3 The Beginning of the Positioning Era	20
2.4 Interpretation of the Positioning Concept	23
2.4.1 Dictionary Interpretations of the Positioning Concept	23
2.4.2 Academic Interpretations of the Positioning Concept	26
2.4.3 Summary of the Interpretation	32
2.5 Positioning - The Marketing Perspective	32
2.5.1 Positioning and Advertising	33
2.5.2 Positioning and Corporate Identity/Image	37
2.5.2.1 Corporate Identity and Corporate Image	38
2.5.2.2 Corporate Image and Corporate Communication Programmes	40
2.5.2.3 Relationships among Identity, Image and Communications of the Corporate	41
2.5.3 Positioning and Strategic Marketing	43
2.6 Positioning - The Retailing Perspective	51
2.6.1 Positioning and Store Image	52
2.6.2 Positioning and Retail Strategy	58
2.7 Summary	63

CHAPTER THREE THE NATURE OF THE POSITIONING CONCEPT AND THE PROCESS OF POSITIONING STRATEGY

3.1 Introduction	65
3.2 Consolidation of the Observations	65
3.2.1 General Interpretation	65
3.2.2 Positioning and Advertising	66
3.2.3 Positioning and Corporate Identity/Image	67
3.2.4 Positioning and Strategic Marketing	68
3.2.5 Positioning and Store Image	69
3.2.6 Positioning and Retail Strategy	71
3.3 The Application of the Positioning Concept	72
3.4 Positioning - The Author's Perspective	75
3.4.1 The Nature of the Positioning Concept	75
3.4.2 The Process of the Positioning Strategy	77
3.5 The Positioning Strategy Process Model and the Progression of the Thesis	81
3.6 Summary	83

CHAPTER FOUR RESEARCH METHODOLOGY

4.1 Introduction	85
4.2 Research into the Concept of Positioning	85
4.3 Qualitative Aspect of the Research Study	87
4.4 Quantitative Aspect of the Research Study	88
4.5 Objectives of the Survey Research	89
4.6 The Research Design of the Customers and Staff Survey Researches	90
4.7 The Focus Group Interviews	91
4.7.1 Focus Group Interview of Wing On Customers	93
4.7.2 Focus Group Interview of Children World Customers	94
4.8 Decision on Methods for Collecting Data	97
4.9 The Image Components and Attitude Measurement	98
4.9.1 Components of Store Image under Investigation	98
4.9.2 The Measurement of Attitudes	100
4.10 Model of Role of Positioning with Marketing Management Process, Competition, and Customer Shopping Components	100
4.11 McGoldrick's International Positioning Surveys	101
4.12 Setting up of Hypotheses	103
4.13 Design of Employee Survey Questionnaire	105

4.14 Pilot Test of Employee Survey Questionnaire	108
4.15 Design of Customer Survey Questionnaires	110
4.16 Pilot Test of Customer Survey Questionnaires	111
4.17 Sampling and Implementation of the In-company Employee Survey	113
4.18 Sampling and Implementation of the Customer Surveys	115
4.18.1 The Sampling Plan	116
4.18.2 Implementation of the Customer Surveys	117
4.19 Data Editing and File Formation	121
4.20 The Time Schedule	122
4.21 Summary	123

CHAPTER FIVE RETAILING IN CHINA AND WUHAN: AN OVERVIEW

5.1 Introduction	125
5.2 The Open-door Policy of the People's Republic of China	125
5.3 China's Consumer Market	127
5.3.1 Sources of Retail Statistical Data of China	130
5.3.2 National Data on Retailing and Consumption	130
5.3.3 Children as Consumers in China	134
5.4 Retail Structure and Regulative Framework	135
5.4.1 The Evolution of the Distribution System	135
5.4.2 Latest Structural Change	136
5.4.3 Regulative Framework Related to Foreign Retailers	137
5.5 Hubei Province	139
5.6 Wuhan City	143
5.7 Observations of Wuhan Retailing in General	148
5.7.1 Business District and Major Roads	149
5.7.2 Household Distribution	151
5.7.3 Shopping Habit	151
5.7.4 Department Stores, Malls, Supermarkets and Specialty Stores	153
5.8 Key Strategies for Success in the China Retail Market	157
5.9 The Future Development of Retail Trade in China	158
5.10 The Future Development of Retail Trade in Wuhan	161
5.11 Summary	162

**CHAPTER SIX HISTORY OF WUHAN WING ON
CHILDREN SHOPPING AND AMUSEMENT
CENTRE COMPANY LIMITED**

6.1 Introduction	163
6.2 Background of Wing On Department Stores (Hong Kong) Limited	163
6.3 Background of Wuhan Department Store Group Company Limited	166
6.4 The Joint Venture	169
6.5 Retail Strategy of Wuhan Wing On Children Shopping and Amusement Centre Company Limited	172
6.5.1 Situation Analysis	172
6.5.2 Objectives	173
6.5.3 Identification of Customers	173
6.5.4 Overall Strategy	173
6.5.5 Specific Activities	174
6.5.6 Control	174
6.6 Configuration of the New Store	175
6.7 The Grand Opening	178
6.8 The Evolution of the Company	182
6.8.1 Store Operation	185
6.8.2 Merchandise and Inventory	186
6.8.3 Personnel Management and Training	187
6.9 Latest Organisational Structure of the Store	191
6.10 Future Development	196
6.11 Summary	197

**CHAPTER SEVEN POSITIONING STRATEGY OF WUHAN
WING ON CHILDREN SHOPPING AND
AMUSEMENT CENTRE COMPANY LIMITED**

7.1 Introduction	199
7.2 How the Wing On People Perceive Positioning	199
7.2.1 Mr. Ngai-yin Chan	200
7.2.2 Miss Qiu-yun Wu	202
7.2.3 Mr. Chao Cheng	202
7.2.4 Interviews with Staff Members	203
7.3 The Positioning Setting of Wing On	204
7.4 The Structure of the Sales and Promotion Department	206
7.5 Promotional Activities between 1995 and 1997	209
7.6 Highlights of Some Promotional Programmes	217
7.7 Analysis of the Positioning Strategy of Wing On	219
7.7.1 General Perceptions about Positioning of the Wing On Personnel	223
7.7.2 The Positioning Strategy of Wing On	223
7.8 Summary	227

CHAPTER EIGHT AN ANALYSIS OF THE COMPETITIVE ENVIRONMENT OF WUHAN WING ON CHILDREN SHOPPING AND AMUSEMENT CENTRE COMPANY LIMITED

8.1 Introduction	228
8.2 Theoretical Concepts of Competition Analysis	228
8.3 Michael Porter's Model of Industry Competition	230
8.4 Application of Porter's Five Forces Model	231
8.4.1 Degree of Rivalry	231
8.4.2 Threat of New Entrants	235
8.4.3 Substitutes	238
8.4.4 Bargaining Power of Buyers	239
8.4.5 Bargaining Power of Suppliers	239
8.5 Children as Consumers – A Basic Understanding	240
8.6 An Analysis of the Competitors of Wing On	244
8.7 Business Strategy of Wuhan Plaza	249
8.8 Promotional Activities during the Grand Opening Period of Wuhan Plaza	255
8.9 Competition between Wuhan Department Store and Wuhan Plaza	258
8.9.1 Exteriors of the Two Stores	259
8.9.2 The Floor Plan	262
8.9.3 Interiors of the Two Stores	264
8.10 Competition between Wing On and Children World	265
8.11 Summary	268

CHAPTER NINE ANALYSIS OF FINDINGS (1): MODELING OF THE ROLE OF POSITIONING WITH MARKETING MANAGEMENT PROCESS, COMPETITION, AND CUSTOMER SHOPPING COMPONENTS

9.1 Introduction	270
9.2 Reasons for the Need of Modeling	270
9.3 The Configurations of the Model	271
9.4 Interrelationships of the Model Components	279
9.5 Multiple Regression Analysis of the Various Components	280
9.5.1 Selection of Respondents	281
9.5.2 Relationships between Customer Background and Customer Shopping Criteria	282
9.5.3 Relationships between Customer Shopping Criteria and Customer Beliefs	286
9.5.4 Relationships between Attitudes and Customer Action	293
9.6 Overview of the Model	301
9.7 Summary	304

CHAPTER TEN ANALYSIS OF FINDINGS (2): TESTING OF HYPOTHESES AND COMPARISON OF ATTITUDES

10.1 Introduction	305
10.2 The Hypotheses	305
10.3 Base of Measurement	306
10.4 Group Selection and Testing Method	307
10.5 Results of Testing	308
10.6 Attitudinal Comparison between Employees and Frequent Customers	313
10.7 Attitudinal Comparison between the Children World and Wing On Customers	316
10.8 Attitudinal Comparison between the Frequent and Infrequent Customers	318
10.9 Overall Attitudinal Measurements of the Various Groups	320
10.10 Summary	322

CHAPTER ELEVEN ANALYSIS OF FINDINGS (3): ANALYSIS OF DIFFERENT GROUPS OF RESPONDENTS

11.1 Introduction	323
11.2 Reliability and Validity of the Collected Data	323
11.3 Grouping of Respondents	324
11.4 The Total Respondents in General	326
11.4.1 The Demographic Background of the General Respondents	326
11.4.2 Perceptions of the General Respondents	327
11.5 The Employee Group	330
11.5.1 The Demographic Background of the Wing On Employees	330
11.5.2 Perceptions of the Employees	332
11.5.3 Strengths and Weaknesses between the Two Competing Stores	333
11.6 The Customer Group	337
11.6.1 The Demographic Background of the Customers	338
11.6.2 Perceptions of the Customers	340
11.6.3 Shopping Behaviour of the Customers	341
11.7 The Children World Customer Group	346
11.7.1 The Demographic Background of the Children World Customers	346
11.7.2 Perceptions of the Children World Customers	347
11.7.3 Shopping Behaviour of the Children World Customers	349
11.8 The Wing On Customer Group	353
11.8.1 The Demographic Background of the Wing On Customers	354
11.8.2 Perceptions of the Wing On Customers	355
11.8.3 Shopping Behaviour of the Wing On Customers	357

11.9 The Frequent Customers	361
11.9.1 The Demographic Background of the Frequent Customers	361
11.9.2 Perceptions of the Frequent Customers	362
11.9.3 Shopping Behaviour of the Frequent Customers	364
11.10 The Infrequent Customers	368
11.10.1 The Demographic Background of the Infrequent Customers	369
11.10.2 Perceptions of the Infrequent Customers	369
11.10.3 Shopping Behaviour of the Infrequent Customers	371
11.11 Comparison of Different Groups of Respondents	375
11.11.1 Differences in Perception between the Employees and the Customers	376
11.11.2 Comparison between the Children World and Wing On Customers	378
11.11.3 Comparison between the Frequent and Infrequent Customers	385
11.12 General Observation of the Group Analysis Findings	391
11.13 Overall Review of the Survey Research Findings	391
11.13.1 The Positioning Role Model	392
11.13.2 Testing of Hypotheses and Comparison of Attitudes	392
11.13.3 Analysis of Different Groups of Respondents	393
11.13.4 Research Objectives of the Survey Research	393
11.14 The Supplementary Function of Perceptual Maps	394
11.15 The Nature of Positioning and the Analysis of Findings	397
11.16 Summary	397

CHAPTER TWELVE CONCLUSIONS AND RECOMMENDATIONS

12.1 Introduction	399
12.2 Summary and Major Findings of the Thesis	399
12.3 Objectives and Contributions of this Study	407
12.3.1 Objectives	407
12.3.2 Contributions	408
12.4 Conclusions for Wing On	412
12.4.1 Strengths of Wing On	413
12.4.2 Weaknesses of Wing On	413
12.4.3 Opportunities for Wing On	414
12.4.4 Threats for Wing On	415
12.5 Recommendations for Wing On	415
12.5.1 The Positioning Statement	416
12.5.2 The Positioning Strategy Guidelines	417
12.5.2.1 Strategic Issues	417
12.5.2.2 Target Market Issues	419

12.5.2.3 Products Issues	419
12.5.2.4 Price Issues	420
12.5.2.5 Place Issues	420
12.5.2.6 Promotion Issues	421
12.6 The Lessons to be Drawn from this Study	424
12.7 Limitations of this Study	425
12.8 Future Work	427

BIBLIOGRAPHY	428
---------------------	-----

APPENDIX

LIST OF FIGURES

Figure 1.1	Sequence of the Various Chapters	14
Figure 2.1	Process Model of Holistic Corporate Identity Development	44
Figure 2.2	Positioning Strategy Overview	50
Figure 2.3	Relationship of Market Positioning, Added Value and Strategic Decision Areas	61
Figure 3.1	A Conceptual Framework for the Positioning Strategy Process	80
Figure 3.2	Chapter Sequence and the Positioning Strategy Process	84
Figure 4.1	Summary Findings of the Focus Group Interviews	97
Figure 4.2	Time Schedule for the Survey Research	123
Figure 5.1	China's Administrative Divisions	128
Figure 5.2	The Hubei Province	142
Figure 5.3	Wuhan City Proper and Counties	147
Figure 5.4	Map of Wuhan City	152
Figure 6.1	Organisation Chart of Wuhan Department Store Group Company Limited	168
Figure 6.2	Floor Plan of the New Store	177
Figure 6.3	Pamphlet of Wuhan Wing On Children Shopping and Amusement Centre Company Limited	179
Figure 6.4	Typical Advertisement for the Grand Opening (1)	183
Figure 6.5	Typical Advertisement for the Grand Opening (2)	184
Figure 6.6	Organization Chart of the New Store	189
Figure 6.7	Organization Chart of the New Store (Divisional Illustration)	190
Figure 6.8	The Relationships between the Hong Kong and Wuhan Store	193
Figure 6.9	Operations of the General Manager	194
Figure 6.10	Operations of Representative of Hong Kong Board of Director	195
Figure 7.1	Organisation Chart of the Sales and Promotion Department	208
Figure 7.2	Promotional Activities between 1995 and 1997	211
Figure 7.3	Copy of Christmas Party Advertisement	220
Figure 7.4	Copy of Anniversary Advertisement	221
Figure 7.5	Copy of the Color Filling Contest Advertisement	222
Figure 8.1	Michael Porter's Five Force Model	232
Figure 8.2	Major Department Stores in Wuhan before 1996	234
Figure 8.3	New Department Stores Opened in 1996	237
Figure 8.4	Location Map of the Wing On Competitors	250
Figure 8.5	Highlights of the Major Competitors	251

Figure 8.6	Michael Porter's Components of a Competitor Analysis Model	254
Figure 8.7	Photo of Wuhan Department Store	260
Figure 8.8	Photo of Wuhan Plaza	261
Figure 8.9	Floor Directory Comparison between the Two Stores	263
Figure 8.10	Floor Plan of Children World	266
Figure 9.1	An Integrative Theory of Patronage Behavior	272
Figure 9.2	Sequence of Effects in Store Choice	274
Figure 9.3	The Marketing Management Process	276
Figure 9.4	Model of the Role of Positioning with Marketing Management Process, Competition, and Customer Shopping Components	278
Figure 9.5	Perceptual Map of Frequent Customers towards the Two Stores	298
Figure 9.6	Summary of the Relationships of the Various Model Components	302
Figure 10.1	General Findings from Testing of Hypotheses	312
Figure 11.1	Perceptual Map of the General Respondents towards the Two Stores	329
Figure 11.2	Perceptual Map of the Wing On Employees towards the Two Stores	334
Figure 11.3	Perceptual Map of the Customer Group towards the Two Stores	342
Figure 11.4	Perceptual Map of the Children World Customers towards the Two Stores	350
Figure 11.5	Perceptual Map of the Wing On Customers towards the Two Stores	358
Figure 11.6	Perceptual Map of the Frequent Customer Group towards the Two Stores	365
Figure 11.7	Perceptual Map of the Infrequent Customer Group towards the Two Stores	372
Figure 11.8	Perceptual Map of the Competitive Position of Atmosphere and Facilities of the Two Stores	395
Figure 11.9	Abbreviations for Diagram Symbols	396

LIST OF TABLES

Table 3.1	General Interpretation of Positioning	66
Table 3.2	Positioning and Advertising	67
Table 3.3	Positioning and Corporate Identity/Image	67
Table 3.4	Positioning and Strategic Marketing	68
Table 3.5	Positioning and Store Image	69
Table 3.6	Positioning and Retail Strategy	71
Table 3.7	Table of Contents of the Thesis	82
Table 4.1	Sampling Plan for Wing On Customer Survey	118
Table 4.2	Sampling Plan for Children World Customer Survey	119
Table 5.1	Highlights of Retail Related Data for China, 1997	133
Table 5.2	Comparison of Economic Data of Different Regions	144
Table 6.1	Principal Activities of Wing On International Holdings Limited, 1996	165
Table 9.1	Explanation of Customer Shopping Criteria Component Abbreviations	283
Table 9.2	Multiple Regression Analysis Results of Customer Background and Customer Shopping Criteria Components	283
Table 9.3	Explanation of Children World Abbreviations	287
Table 9.4	Children World Multiple Regression Analysis Results of Customer Shopping Criteria and Customer Belief Components	287
Table 9.5	Explanation of Wing On Abbreviations	290
Table 9.6	Wing On Multiple Regression Analysis Results of Customer Shopping Criteria and Customer Belief Components	290
Table 9.7	Explanation of Purchase Amount and Frequency of Store Visit	295
Table 9.8	Multiple Regression Analysis Results of Purchase Amount and Frequency of Store Visit	295
Table 9.9	Explanation of Attitudes towards Children World Abbreviations	299
Table 9.10	Explanation of Attitudes towards Wing On Abbreviations	299
Table 9.11	Factor Analysis for Children World	300
Table 9.12	Factor Analysis for Wing On	300
Table 10.1	Paired t-test Result of Frequent Customers	309
Table 10.2	Paired t-test Result of Wing On Employees	313
Table 10.3	Independent t-test Result towards Children World between Employees and Frequent Customers	315

Table 10.4	Independent t-test Result towards Wing On between Employees and Frequent Customers	315
Table 10.5	Independent t-test Result towards Children World between Children World and Wing On Customers	317
Table 10.6	Independent t-test Result towards Wing On between Children World and Wing On Customers	318
Table 10.7	Independent t-test Result towards Children World between Frequent and Infrequent Customers	319
Table 10.8	Independent t-test Result towards Wing On between Frequent and Infrequent Customers	319
Table 10.9	Paired t-test Result of Overall Attitude by the Various Groups	321
Table 11.1	Factor Analysis for Validity Test of the Variables	324
Table 11.2	Highlights of Demographic Data of the General Respondents	327
Table 11.3	Means of Evaluations and Beliefs of the General Respondents	328
Table 11.4	Highlights of Demographic Data of the Employees	331
Table 11.5	Means of Evaluations and Beliefs of the Employees	332
Table 11.6	Strengths Comparison	336
Table 11.7	Weaknesses Comparison	337
Table 11.8	Highlights of Demographic Data of the Customer Group	339
Table 11.9	Means of Evaluations and Beliefs of the Customer Group	340
Table 11.10	Stores Visited or Planned to Visit on the Shopping Day	343
Table 11.11	General Products Purchased from the Two Stores	344
Table 11.12	Reasons for Patronising the two Stores	344
Table 11.13	General Amount of Expenditures Spent in Store Each Time	345
Table 11.14	General Frequency of Store Visit	346
Table 11.15	Highlights of Demographic Data of Children World Customers	348
Table 11.16	Means of Evaluations and Beliefs of Children World Customers	349
Table 11.17	Stores Visited or Planned to Visit on the Shopping Day	351
Table 11.18	General Products Purchased from the Two Stores	352
Table 11.19	Reasons for Patronising the two Stores	352
Table 11.20	General Amount of Expenditures Spent in Store Each Time	353
Table 11.21	General Frequency of Store Visit	353

Table 11.22	Highlights of Demographic Data of Wing On Customers	355
Table 11.23	Means of Evaluations and Beliefs of Wing On Customers	356
Table 11.24	Stores Visited or Planned to Visit on the Shopping Day	357
Table 11.25	General Products Purchased from the Two Stores	359
Table 11.26	Reasons for Patronising the Two Stores	359
Table 11.27	General Amount of Expenditures Spent in Store Each Time	360
Table 11.28	General Frequency of Store Visit	361
Table 11.29	Highlights of Demographic Data of the Frequent Customers	363
Table 11.30	Means of Evaluations and Beliefs of the Frequent Customers	364
Table 11.31	Stores Visited or Planned to Visit on the Shopping Day	366
Table 11.32	General Products Purchased from the Two Stores	367
Table 11.33	Reasons for Patronising the two Stores	367
Table 11.34	General Amount of Expenditures Spent in Store Each Time	368
Table 11.35	General Frequency of Store Visit	368
Table 11.36	Highlights of Demographic Data of the Infrequent Customers	370
Table 11.37	Means of Evaluations and Beliefs of the Infrequent Customers	371
Table 11.38	Stores Visited or Planned to Visit on the Shopping Day	373
Table 11.39	General Products Purchased from the Two Stores	374
Table 11.40	Reasons for Patronising the two Stores	374
Table 11.41	General Amount of Expenditures Spent in Store Each Time	375
Table 11.42	General Frequency of Store Visit	375
Table 11.43	Comparison of Evaluations between Employee and Customer Group	377
Table 11.44	Comparison of Beliefs between Employee and Customer Group	377
Table 11.45	Chi-square Test of Demographic Background of Children World and Wing On Customers	378
Table 11.46	Comparison of Customer Evaluations between Children World and Wing On Customers	380
Table 11.47	Comparison of Customer Beliefs between Children World and Wing On Customers	380
Table 11.48	Comparison of Products Purchased between Children World and Wing On Customers	382

Table 11.49	Comparison of Reasons for Patronising the Store between Children World and Wing On Customers	382
Table 11.50	Chi-square Test of Patronage Behavior between Children World and Wing On Customers	383
Table 11.51	Comparison of Frequency of Store Visit between Children World and Wing On Customers	384
Table 11.52	Comparison of Expenditure Spent in Store Each Time between Children World and Wing On Customers	384
Table 11.53	Chi-square Test of Demographic Background between the Frequent and Infrequent Customers	385
Table 11.54	Comparison of Customer Evaluations between the Frequent and Infrequent Customers	387
Table 11.55	Comparison of Customer Beliefs between the Frequent and Infrequent Customers	387
Table 11.56	Comparison of Products Purchased between the Frequent and Infrequent Customers	389
Table 11.57	Comparison of Reasons for Patronising the Store between the Frequent and Infrequent Customers	389
Table 11.58	Chi-square Test of Patronage Behavior between the Frequent and Infrequent Customers	389
Table 11.59	Comparison of Frequency of Store Visit between the Frequent and Infrequent Customers	390
Table 11.60	Comparison of Expenditure Spent in Store Each Time between the Frequent and Infrequent Customers	390

APPENDIX

Appendix 4.1	Discussion Topics for Focus Group Interview (English)	A1
Appendix 4.2	Discussion Topics for Focus Group Interview (Chinese)	A2
Appendix 4.3	Employee Survey Questionnaire (English)	A3
Appendix 4.4	Employee Survey Questionnaire (Chinese)	A14
Appendix 4.5	Children World Customer Survey Questionnaire (English)	A18
Appendix 4.6	Children World Customer Survey Questionnaire (Chinese)	A29
Appendix 4.7	Wing On Customer Survey Questionnaire (English)	A35
Appendix 4.8	Wing On Customer Survey Questionnaire (Chinese)	A46

CHAPTER ONE

INTRODUCTION

1.1 The New Positioning: The Latest on the World's #1 Business Strategy

In 1996, Trout and Rivkin published their book 'The New Positioning: The Latest on the World's #1 Business Strategy'. In this book, Trout and Rivkin claimed that in 1995 alone, the word 'positioning' was mentioned 16,917 times in U.S. publications. At the same time, they said that they would like to update the positioning concept to show the full scope of the influence that the positioning concept might have in the business world.

Ever since the publication of the book 'Positioning: The Battle for your Mind' by Al Ries and Jack Trout in 1981, there have been different responses from the academic and business fields (Aaker and Shansby, 1982; Ogilvy, 1983; O'Shanghnessy, 1984; Ennis, 1986; Perry, 1986). Five years later, Ries and Trout (1986) claimed that positioning had proven helpful to anyone who wanted to influence other people and that positioning could get a message across and make an impression that lasts. The publication of these two books really raised the status of positioning in the marketing world. However, such is the volume of material which has been published since, it can be difficult to fully grasp the nature and role of positioning.

1.2 *Significance of the Study*

To evaluate the degree of significance of the positioning concept, it is necessary to first understand the role of the positioning concept in the marketing context. Thus this section will first look briefly at the basic principles of marketing and then discuss the relationship between positioning and marketing. By understanding the role of positioning in the marketing context, the significance of this study will thus begin to emerge.

1.2.1 *The Principles of Marketing*

Marketing, according to the American Marketing Association (1985), has been defined as “the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.” With such a definition in mind, the application of marketing can be found in every business. From Kotler’s (1994) point of view, the definition of marketing rests on the following core concepts:

Needs, wants and demands

Product

Value, cost and satisfaction

Exchange, transactions and relationships

Markets

Marketing and marketers

Apart from the above core concepts, Kotler also discussed the company's orientation toward the marketplace. He considered that organizations conduct their marketing activity under the following five competing concepts:

The production concept

The product concept

The selling concept

The marketing concept

The societal marketing concept

It is observed that the production, product, and selling concepts may no longer fit this ever evolving marketplace. However, the marketing concept still counts and the societal marketing concept is gradually coming to play a more and more dominant role.

The marketing concept is the consumer-oriented marketing philosophy and was first introduced by General Electric in the mid-1950s. This concept emphasizes that: to be successful, a company should determine the needs and wants of specific target markets, and through the integration of the marketing mix, deliver the desired satisfactions better than the competition (Berry, 1988). With the application of the marketing concept, organizations are able to pursue profits through customer satisfaction. However, in view of the social and environmental changes, such profit and customer goals are not the only goals the marketers should pursue, they also have to adhere to principles of social responsibility in the marketing of their goods and services. With the emergence of such societal considerations in relation to the

marketing concept, Kotler called on marketers to restructure the definition of the marketing concept by fulfilling the needs of the target audience in ways that improve society as a whole while fulfilling the objectives of the organization – the new marketing philosophy of societal marketing concept.

By applying the marketing concept and the societal marketing concept, it is reasonable that an organization can get its share of pie in the market. However, owing to the relative over supply and under demand of products, especially after World War II, the market itself becomes an arena within which each organization has to struggle for survival. In this competitive marketplace, the way for survival is to serve customers better. Moreover, marketers believe that customer retention should receive even greater priority than new customer solicitation (Engel et al., 1995), thus the idea of relationship marketing emerges. It is hoped that, by giving the customers some kind of personal connection to the business, the customers will be feeling good and that the long-term bonds could be established (Copulsky and Wolf, 1990). With the popularity of computer databases, marketers now can make use of information retrieval for better service delivery. As a result, the concept of micromarketing is gradually adopted (McCarthy, 1991; Deveny, 1991).

It can be seen that, because of the keen competition, customers are much better served than before. However, an organization or a product cannot serve all the needs of each different market segment. Therefore, by considering the competition, the use of the marketing mix, and the target market, an organization should communicate the right perceptual framework to its customers, so that the customers will have the right expectation and thereby better satisfaction will result (Labarbera

and Mazursky, 1983; Churchill Jr. and Suprenant, 1983). To fulfill all the above work, one has made the best use of the marketing management process. Therefore, within the marketing domain, the marketing management process has made lots of contributions.

1.2.2 The Positioning Concept in the Marketing Management Process Context

Positioning, according to Ries and Trout, is defined as “An organized system for finding windows in the mind.” (Ries and Trout, 1981, 19) Or, to put it another way, “Positioning is what you do to the mind of the prospect. That is, you position the product in the mind of the prospect.” (Ries and Trout, 1981, 2) From Ries and Trout’s point of view, positioning does not confine itself to the product alone, its application may be extended to a company, a service, etc. Moreover, they emphasized that the position that an organization takes into consideration will not only show the organization’s own strengths and weaknesses, but also those of its competitors as well. Apart from that, they were also concerned about the consistency of communication for successful positioning.

During the marketing management process, Kotler (1997) considered that there are four major steps:

Analyzing marketing opportunities

Developing marketing strategies

Planning marketing programs

Managing the marketing effort

Here at the second step, Kotler advised marketers to make use of positioning strategy together with marketing strategies. With the involvement of positioning beginning at the second step of the marketing management process, it goes without saying that the effects of positioning on the third step 'planning marketing programs' and the fourth step 'managing the marketing effort' are highly influential.

In addition to the marketing management process, Kotler also considered that the essence of strategic marketing can be described as STP – namely segmentation, targeting, and positioning. Through this line of thinking, it is found that positioning is part of STP, which in turn is the essence of strategic marketing. Alternatively, strategic marketing is the key issue of the marketing management process. Ultimately, the marketing management process is the dominant force in the marketing domain. As a result, the linkage between positioning and marketing is shown to be in the form of: Marketing – The Marketing Management Process – Strategic Marketing – Positioning.

1.2.3 The Significance of the Positioning Concept

Since Kotler considered that STP is the essence of strategic marketing, therefore the critical influence of STP on marketing mix should not be ignored. As positioning is one of the components of STP, therefore, findings about the positioning concept, from the marketers' point of view, should be very important and influential. Thus, the author would like to, through this study, find out the

nature and application of the positioning concept so as to make a contribution in this aspect.

1.3 The Objectives of the Study

This study has five objectives. The first objective is to investigate how people interpret 'positioning'. Just like the definitions of marketing and management, different people may have different interpretation of such a term. Therefore, this study will take a look from such a perspective, because this term became popular only from the 1970's. Moreover, since this study is more retailing-oriented, the investigation of the term is first from a marketing perspective and is then narrowed down to the retailing perspective. This will ensure that the understanding of the term is more specific and relevant.

The second objective of this study is, from a case study approach, to investigate the impact of positioning strategy on a designated retail store. More precisely, this objective will focus on three issues:

- (1) To find out how the management of the store interpret the positioning concept.
- (2) To find out how the management of the store implement the positioning strategy.
- (3) To find out the effect of the positioning strategy on both employees and customers.

As for the third objective, it is to provide a summary of the retail situation in China, in particular, of Wuhan. This is needed in order to be able to place the positioning evolution of the retailer in question, as described in objective two, into context.

The fourth objective, from the academic point of view, is to sketch a model that will better explain the impact of positioning strategy on the customer shopping components.

The fifth objective is to make conclusive remarks about the positioning concept and to make positioning related recommendations to the store for further improvement.

1.4 The Research Approaches

For this academic study, both primary and secondary data are used. As a starting point, this study begins with literature review on the various dimensions of the positioning concept. Various literature from journals, books, etc. is examined, so as to trace the nature of the positioning concept.

The store involved in this study is the Wuahn Wing On Children Shopping and Amusement Centre Company Limited (hereafter called Wing On), which is situated in Wuhan City of The People's Republic of China. To understand the retail situation in China and Wuhan, data from governmental bodies, articles from newspapers and magazines, condensed findings from professional institutions are also used. In case the secondary data are not ready available, in-depth interviews