

Box Store Marketing Pattern in China

ZHANG Chengyu

College of Business, Luoyang Normal University, Luoyang, Henan province ,China

Abstract—In 2006, Box store marketing pattern was introduced in mainland of China. Because it is a very fashion marketing pattern, it attracted many young entrepreneurs to set up their own small business. In a short time, hundreds of box stores emerged in many cities. But because it is a new pattern, many owner of box store can not manage it successfully because of quality problems and poor management. The interests of the owners have been severely affected, some owner of box store was bankruptcy. Some owners even doubt whether this marketing pattern is a good style. Therefore, his paper is to introduce the development of box store marketing pattern in China and analyze it objectively to give some good advise to the owner of box store and the boss of box. The status of box store development in China is introduced in the beginning of this paper and then analyze what problems exit in the process of box store developing. At last some good advise is givern to the ower of box store.

Keywords- box store; marketing pattern; China ; owner of box store; boss of box

1. Introduction

Box store marketing pattern emerged in Japan, with many years development, it has appeared all over the world. In 2005, it was introduced into Hong Kong. One year later, there was more than 100 box store in Hong Kong and it was introduced in mainland very quickly^[1]. Because it is a very fashion marketing pattern, it attracted many young entrepreneurs to set up their own small business. In a short time, hundreds of box stores emerged in many cities in mainland of China. Just as its the name suggests, the owner of the shop design and separate the store into dozens or more than one hundred small box and rent these box to different entrepreneurs. The entrepreneurs can put any products in the box he rent and sell them. The entrepreneurs become small boss and most important they just need to lay in a stock of merchandise without selling their goods, because the owner of the shop will sell their good and collect some rent from them. This means it needs less investment and sell products very quickly, many person like to start a business in this way and now it is a new potential marketing pattern accepted by many people. But because it is a new pattern, many owner of box store can not manage it successfully maybe because of quality problems and poor management^[2]. The interests of the owners have been severely affected, some owner of box store was bankruptcy^[3]. Some owners even doubt whether this marketing pattern is a good style. Therefore, analysis this business mode objectively and in more detail will be useful to motivate it develope, and that it can checked the trend of this marketing pattern. So it has a strong sense of reality.

2. How about box store development in china?

At present, the number of box stores is developing very fast in mainland. From the view of box store quantity and their location, selling products, the ownership of box store, customers, marketing channel, it has following characteristics:

2.1. Box Store Quantity and Their Location

E-mail address: zhangchengyu@163.com

According to the information collected at the box stores union web, they were located not only big cities, they were also located in small cities even in some county. In Beijing, more than 50 box stores were set up in five years ,including 15 box stores at Xidan, 10 box stores in Chaoyang district, 6 box stores in Haidian district, 6 box stores in Xicheng district, 7 box stores in Docheng district, 2 box stores in Changping district, 1 box stores in every district including Feingtai district, Shunyi district and Fangshan district. In all of these box stores, there are 2 chain stores. One has 7 branch stores and another has 6 branch stores^[4]. In whole mainland, more than 320 box stores were distributed in east of China(53 in Shanghai); 109 box stores were distributed in north of China(63 in Beijing); 213 box stores were distributed in central of China(75 in Zhengzhou);110 box stores were distributed in southwest of China(44 in Chengdu); 66 box stores were distributed in southeast of China; 75 box stores were distributed in northeast of China; 21 box stores were distributed in northwest of China^[5]. It is easy to see that the east of China has more box stores than the west of China.

2.2. The Characteristics of the Product Selling in Box Store

The product selling in box store are usually accessories, toys and dolls, handicrafts, electronic products, gifts, underwear, dress, shoes, skin care, cosmetics, magazines, stationery and so on. But accessories, stationery, toy and dolls sale income usually account for more than 70%^[6]. A representative products is the creative hand-made products and small batches of products. This kind of product target consumer group is urban young people, particularly young women. The products was usually have the following characteristics:

1)*Emphasize innovation*:The boss of the small box can design all kinds of products according to their imagination e and sale them, in fact small box is a platform to demonstrate the boss unique ideas into a commodity and design ability. So the products selling in the small box were often personalized fashion products, it can attract the costumers eyes. Like a brooch, it is the common accessories for girls, they usually were made of special raw materials by handmade with lovely shapes(heart-shaped or star and irregular or abstract designs). It looks bright and colourful. In fact, they can do whatever according to your requirement. A little girl wear a common T-shirt with such a nice brooch looks very different.

2)*The most popular products is handmade product*:

Because handmade products made the innovation as the selling point, it can match the young man or woman need. DIY(do it by yourself) jewels and the original dolls were creative products. They are the most important products to attract customers. For example, a yellow baby bear laying in the small box is a animals socks dolls, it is full of soft cotton. The design style is so cute that it has comic effect. Their design style is so outstanding that consumer like it very much.

3)*Young and modern style* :Young and modern style is a special characteristic of box store products. The consumer groups of box store are usually young people with fashion, especially the young girls. So the products made according to the girls interest like accessories, wallets, clothing and other female products have occupied the market. Because young girls like the fashion tide, these products like necklace, bracelet and other items show a childishness. For example, there is a kind of earrings made of paper is so unexpected that some stubborn young people like it very much.

4) *Low price and special products*:The price of the products selling in the box store are usually low. In many box store ,the price of the products is from a few RMB to hundreds RMB. For example, a hairpin is only 3~5 RMB, the price is low, the price of baby bear mentioned above is 20~40 RMB, the price is an average pice. Some snow boots, the price is 120~300 RMB^[7]. Although the price was different, the price is affordable for common people. Because the products are so special that the price is really worth.

2.3. The Boss Style of Small Box

The boss style of small box are usually young people, according to their different goal of rent box, they can be separated following kinds:

1)*The boss who have a store on net*:The boss who have a store on net can sell product by electronic commerce, but the customers can not see the real products, so the boss can rent a small box in the business centre to display their products to customers. For many goods, the customers do not believe the pictures

shown on net. For some products such as jewels, clothing and cap, the consumer do not know whether the size is suitable, so they can go to the box store to check the realness of the products. If the boss set up his own shop, they have to invest a lot of money to rent shop, fitment and hire some employees, so if they rent some box to lay in their products will reduce some cost. It is very useful for them to rent some box.

2)*College students who want to start a business:*The college students who are majoring in business, art or design have the passion to set up his own business to create wealth, but as a college students, they usually are lack of capital and experience so that they can not to start his or her own business. In this situation, if they want to be a small boss, they can rent a box to show their products to check whether customers like their design. Box store provide a good platform to give college students to practice and have business experience before they set up his or her own company.

3)*The company who want to test the market reaction:* Some company design a new product, but they do not know whether the consumer accept it. So they want to rent a box to test the market reaction so that they can collect a lot of information form customers. Before they produce these product in a large scales, they can improve their products quality to . decrease the risk of market. Some of the newly formed company will also hire a couple of boxes to show their company's image.

4)*The person who have idle second-hand goods or personal collection:*The person who have idle second-hand goods or personal collection want to sale their products but they have no chance to transfer the information to consumers. They can lay their idle second-hand goods or personal collection into box and let the owner of box shop to help them to sale. Some white collar, big companies purchasing or sales representative also can sale their products in box if they have cheap purchasing channel.

2.4. Consumer Group of Box Shop

The mainly consumer group of box shop are usually four categories.

1) *student groups:* Because the cost of box is lower, so the price of the products lay in the box are very cheap. Most students do not have lots of money to buy expensive goods. They can buy cheap products from box store to meet their needs.

2)*The white collar and young people who pursuit fashion:*white collar are also the main consumer groups, usually is not the one with very high salary but the one who just graduate from university. Young people who pursuit fashion always can find some different products in box store because the price is reasonable and the style is fashion.

3) *The network shoppers:* Nowadays, many young people enjoy the internet shopping, but they also hope to see reality. Therefore,some net store owner rent a box to show the samples so that the customers can go to the shop to see. So the network shoppers are also one of the important consumer group of box store.

4)*The group of tourists:*In some tourism cities, there are many tourists every year, compared with the college students limited purchasing power, tourists have more money and like to buy some special gifts to commemorate. So they also like to visit box store.

2.5. Marketing Channel of Box Store

In general, there are two Marketing channel of box store. One is shop marketing, it is to sell products to customers face to face in the box store; another one is net marketing, it is to sale products on internet.

1)*Shop marketing:* Shop marketing has some advantages like lower risk, flexible and safe. For the owner of box store, with small investment they can cut one or two room into dozens or more than one hundred small exhibition box. They need not to purchase goods, just collect rent monthly according to the box size and location. There are usually two patterns to rent their box: one pattern is fixed rent every month, another pattern is to draw a percentage from the sale income. For the boss of box, they can sale anything they want by pay a little rent monthly. Especially, they need not to pay tax, fitment, water fee, electricity fee and work in the shop.

2)*Net shopping:*In this channel, the boss of the box can sell his or her products by internet and let the customers to go to the box shop to take products or let the owner of box store to post the products to the

purchaser. In this case, the boss of the box can rent many box in different location in a city and need not invest too much money.

3. What problems exist in box store marketing pattern?

Although box store develop very fast in mainland of China, but the boss of box who always can earn money is not more than 50%, even including the boss whose return can offset cost, the rant is not more than 70%. In resent years, the development of box store enter into a adjustment stage. Some box store manage hardly and can not earn money, because there are following problems exit:

3.1. The Goods Lay in the Store Has no Personality

If the goods lay in the store has personality and very different from others, it is easy to boost customers' consumption desire. But some of the boss of box lay some goods in the box without personality. It can be seen in most shop, it does not abstract most young people. Because most customers of box store are young people, the goal of them to visit box store is to look for some special goods. So the boss of box have to keep their products personality to match the young people's fashion view. If he can not do this way, the risk of bankruptcy is very high.

3.2. Have no Good Management

Box store is like a small marketplace, every boss of the box is independent, all of them lay their products in the store, so the management of the store is a issue. According the survey, some problems were found.

1) *The idea of a business and management level is lower:* Most of the box store is lack of its own characteristics, they do not choose a place to set up their shop and the products style is very similar. Some boss of the box store do not build up experience and do not know how to improve the image of the shop to attract customers.

2) *Marketing strategy is poor:* Most owner of box store jute know to reduce the price to make sales promotion, they seldom notice to create a brand, improve service quality or set up a good impression to attract consumers. They do not separate the market and make a good orientation and have no standard management.

3) *Have no enough supervisor:* Because the box store generally have dozens or more than one hundred box in a shop. If the owner of the store do not employ enough supervisor to manage the store, they can not manage very well. In most box store the owner only employ 1 or 2 workers to introduce the products to customers, the workers can not care every product and explain it to customers. In addition, there are too many goods lay in the open box, every customers can watch and the touch the goods, sometimes the goods lost and the owner have no notice. This will lead to losing not only to the owner of the box store but also to the boss of the box.

4) *Have no information management:* Box store is the terminal of sale chain, so the owner can collect lots of first hand information of the customers. To analyse these information will be helpful to make the sale plan. But most box store owner do not to collect these information and analyse them. In addition, most box store do not have a scientific and technological tools to manage their goods information such as stock and the original data of income. Lack of appropriate technologies and information has became a block of the development of box store.

3.3. Quality Dissension

The products quality can not be guarantee is the problem the biggest problem. There is a fiercely competition between different owners of box store, in order to improve the rent rate of box, the owner usually do not choose the boss of box and products. In addition, the boss of box pursue to purchase low price products in order to earn more money. So they can not guarantee the quality of the products. This leads to the quality of the products in the box store have a very big difference. The quality dissension between the owner of box store and customers happen often. Generally, there is a agreement between owner of box store and boss of box and the principle of the agreement is "who sent to sell, who is responsible for the quality". But once dissension appear, the boss of box sometime try to delay the date to compensate, some of them even do

not see the customers and explain. The customers right can not be protected. This also leads to some customers loss.

4. What issues should the owner take into account to develop box store marketing pattern?

If box store marketing can develop successfully in mainland of China, the following issues must be taken into account by the owner of box store.

4.1. Choose a Good Location

Before a new box store were set up, the owner should make a good decision to choose the location and good products. These two points are very important, if the owner do it successfully, he or her will have very big chance to earn money. To choose a good location, cluster effect should be taken into account. It means many box store can located together so that the customers can be attracted. Because the customers have more products to choose, they will think it is worth to visit. The owner need not to worry about that too many shops will lead to bankruptcy because more visitor were attracted. A good location will lead to enough customers to visit box store. In addition, the density of population, geographical environment, income of citizen, characteristics and traditional aspects, the age of the customers must be taken into account.

4.2. Make a Good Customer Orientation

A good customer orientation should make sure that the products in the box store can attract the customer the owner want. How to keep the box store have personality? That is to choose the boss of box, if the products lay in the store can meet the style of the store and then accepted, if the products lay in the store can not match the style and then reject. In addition, every products should be different each other. If the box store can keep its unique style, it can decrease the tense of competition and attract some fixed customer group so that the owner of box store and the boss of box both can earn money. In general, the style of the box store can not be shaped at the very start, the owner can change it gradually by watching the customers behaviour.

4.3. Make a good net promotion strategy

Because the target consumer are mainly young people and young people like to logon internet, so make a good net promotion is very important to box store marketing. After all, box store is quite different from common shop because the boss of the box will change constantly. So the owner of box store have to make advertisement continuously. To do this, the owner have to make his own web to show his or her advertisement, the web advertisement have many advantage such as cheap, being controlled easily, keep a clear style and changed easily. Another way is to use other famous internet forum to make advertisement, the cost is very cheap, it only takes some time. In China, these famous forum are Baidu web, Sohu web and so on. Nowadays, young people like to use QQ or MSN to communicate on internet, so these are also the very important way to accept the information.

4.4. Using chain brand marketing

In fact, many box store in mainland of China is a single store. So the reputation of the store can not be improved. To decrease the risk of market, the owner of the box store can set up a chain store. Chain store is the future of China box store, for example, the "box room" brand in Shanghai has done very well. In fact, there are many successful box chain store in Japan and Hongkong. Chain box store can not only improve the prestige, but also can attract publicity and some scientific management can be introduced in. Chain box store management has some advantages such as optimizing the allocation of resources, increasing market share, strengthening enterprise image and reducing operating costs.

4.5. Strengthen quality supervise

Some box store can not do a good business because they do not take consumers interests too much. When quality dissension happens, some owner of box store were not responsible for the duty and the boss of box reject to see the customers who buy his or her products. In this case, the benefits of customers can not be protected. To change this condition, the owner of box store and the boss of box should change their attitude

and take the consumers benefits seriously and make sure the products they sale is good. And most important the government should act a law to protect the benefit of customers.

5. References

- [1] ZHANG Juan, "Existent problems and solution to the 'box store' management," Journal of Langfang Teachers college, pp. 97-99, Apr. 2010.
- [2] LIU Ning, "Exhibition and new pattern marketing of creative prod-uction," Journal of Beijing institute of graphic communication, pp. 12-16, Oct. 2010.
- [3] XU Libo, and BAO Qingde, "The problems and countermeasures of the lattice shop," China market, pp.40-43. Sep. 2009.
- [4] GUO Dongmei, "A new marketing pattern-box store, "Market moder-nization, pp. 14-21. Jul. 2008.
- [5] LIU Zhichao, HE zhenliang, The analysis of net sale in China. pp. 3-6. Oct. 2006.
- [6] LIU Xiuzhi, There are some method to management box store, China market, pp. 43-51. Sep. 2008.
- [7] PAN Xinxin, The structure artwork market in China, Journal of art, pp. 6-9. Much. 2007