STUDY OF CHANNEL OPTIMIZATION OF G TYRE COMPANY IN THE NEW RETAIL FORMAT

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G Tire Company, a global leader in tire manufacturing, rapidly expanded its offline retail network upon entering the Chinese market. However, traditional offline retail faces challenges with the emergence of “new retail,” which integrates the internet with physical stores. Rising “new retail” firms like TuHu have impacted G Tire's traditional channels, prompting a need for a “new retail” transformation.

This paper reviews literature on “new retail” and the tire industry, analyzing the industry’s development and transformation. Based on research and distribution channel theory, a four-element model for “new retail” channel analysis is proposed. The surveys and analysis revealed issues such as e-commerce impact, dense urban channels, and a lack of brand diversity due to data shortages. Improvement strategies include channel coordination, product enhancement, traditional channel optimization, and management upgrading.

Keywords: new retail; tire industry; channel optimization; transformation

Introduction

New retail is based on the development of the Internet platform, with the help of technological tools such as big data and artificial intelligence, to open up the product production, circulation, and sales processes, achieve integrated development and upgrading, build a product retail ecosystem, and provide consumers with an offline experience. This is a new retail experience model for online purchasing and logistics distribution services.

With the continuous expansion and development of online channels, the improvement of multi-channel retail capabilities has further accelerated the brand's Internetization process. Consumers are now able to shop through multiple channels and therefore have higher requirements for the convenience of channels. The automobile after-sales market, which provides consumers with various automobile-related services after the sale, has steadily improved and further developed as the automobile industry gradually transitions from an
incremental market to a stock market. After the sale of a car, the replacement tire market plays a crucial role in the aftermarket.

Against this background, how traditional industries should optimize their own channel management in the development trend of new retail formats has become an issue that requires urgent attention. As a typical representative of the global tire industry, G Tire Company has continuously adapted to and responded to changes in the market and retail environment since its launch in 2017 and accumulated a large amount of first-hand data and information.

The company has successfully integrated its online and offline channels and implemented e-commerce projects. Practical experience provides a valuable reference for the industry. Therefore, this article will deeply analyze the channel optimization and integration practices of G Tire Company in the market environment, investigate the current status of its channel management from the perspectives of the company itself and its customers, discover existing problems, and provide practical improvement suggestions.

At the same time, it also provides reference and inspiration for other companies in the same industry to optimize channels in the new retail environment.

**Objectives**

Explore the transformation strategies of the traditional retail industry in the new retail era: This study aims to deeply explore the challenges and opportunities faced by the traditional retail industry in the "Internet +" era and how it adapts to market changes and achieves transformation and upgrading.

Analyze the development prospects and demand potential of the replacement tire market: By studying the development trends and potential demand of the replacement tire market in China, we explore its market size and growth space in the context of new retail and provide theoretical support for the future development of the industry.

Learn from G Tire Company’s retail network optimization practice: Taking G Tire Company as a case, analyze its practical experience in retail network optimization and e-commerce channel development, discuss its successful experiences and problems, and provide guidance for the traditional tire industry in the new retail environment. Provide reference and inspiration for the transformation under the circumstances.

**Literature review**

In the 1990s, Japanese researcher Masao Nakanishi improved and proposed the "New Retail Wheel" theory based on McNair's "Retail Wheel" theory. Through research on the development and changes of retail formats, he proposed that competition in the retail industry can get rid of the impact of price performance and emphasized that technological innovation should be the guide to enable enterprises to improve in aspects such as logistics and distribution, cost control, and information management.

He believed that this was the only way. It is the original driving force for the development and advancement of the retail industry. Since then, Alibaba and other companies have used Nakanishi Masao's "New Retail Wheel" theory as the main line of concept updating and technological innovation, which has become an important theoretical support for promoting the "New Retail" model. A senior partner at Bain & Company, Darrell Rigby, published "The Future of Shopping" in the 12th issue of Harvard Business Review in 2011 ("The Future of Shopping").
Rigby pointed out in the article: "In order to survive and develop, traditional retailers must develop an 'omni-channel retailing' strategy, which combines the advantages of offline physical stores with the information-rich advantages of online shopping channels. Interact with customers through a variety of channels, such as physical stores, websites, mobile devices, TVs, and social media, allowing customers to provide multi-dimensional, all-weather entertainment, social networking, and other integrated services while shopping and consuming. Consumers will also use a variety of different channels in the purchasing process.

The American Marketing Association (AMA) emphasized that marketer channels (i.e., the collaborative organization of internal and external regional agents and agents) are the entities that make up marketing channels. Through cellular organizations, companies can sell products to final consumers through this channel. Philip Cutler, the originator of marketing, once said that marketing channels can be companies, organizations, or individuals.

They facilitate the migration of products or services from producers to consumers. At the same time, as Stuart (2002) emphasized, these enterprises, organizations, or individuals promote the use and consumption of products and services through a series of interdependent relationships or competition.

In 1988, Miller proposed the dual approach. Layering intermediary agents makes the channel model more complex. Therefore, the development of channel methods must be synchronized with the market economy, especially in the current new era of socialist market economies, taking into account my country's extensive and unique market environment. Due to geographical, cultural Differences and consumer demands are diversified, and the trend of diversified development is significant. The goal of channel improvement is to gradually focus on meeting the diverse needs of consumers.

Through cooperation between channel organizations, conflicts and negotiations between channels, mutual influence among channel team members, and excellent cooperation, the operation of each channel system can be stronger and longer, ensuring a certain number of agents. The total number of such agents forces marketers to reach a certain number before they can cover the profit equilibrium point.

Mallen (1996) pointed out that non-operational economies of scale are the main factors that weaken the effectiveness of marketing channel methods. Issues worthy of further study include the types of intermediary companies in the channel structure and how the overall channel system builds a community. However, research on channel structure efficiency is mainly carried out within the scope of economics and does not incorporate research results in special environments. With the advent of the mobile Internet era, global integration has become an inevitable development trend. Enterprises should focus on the globalization of the market economy, refer to the advantages and disadvantages of overseas channels, consider the reasonable layout of Chinese enterprises, increase customer flow, and expand corporate profits.

The development of the Internet economy and economic globalization have had a profound impact on the improvement of channel structure. Arrington (2013) pointed out that many mobile Internet applications have had a great impact on the operation and structure of traditional marketing channels. In order to make channel development more diversified, we must introduce Internet elements into channel development. At the same time, the Internet should be widely used in enterprise development to connect the channel value chain among team members so as to allocate rights and interests more effectively and fairly.
A key reason for the collapse of many channel structures is the unfairness of the tax system (Baranrt, 2013).

In the tire brand industry, Goodyear Tire was the first to explore online sales. After selling tires online for four years in the United States, it also applied this platform to Europe. Goodyear took the lead in conducting a pilot project in Germany. Its European online channel director, Frederic Sehilling, said: "The online sales platform is to meet the needs of consumers who are accustomed to online shopping." Based on the results of the pilot project in Germany, Goodyear adjusted Goodyear heavily optimized the online module's design with a focus on consumer orientation, resulting in simplified purchase and payment processes, self-selected installation services, and more. Jurgen Titz, Managing Director of EU Automotive Dealer Channels and Consumer Center, spoke highly of Goodyear's online project: "German drivers can enjoy the seamless online shopping experience brought by Goodyear, relying on the excellence of Goodyear tires. The performance brings great convenience to car owners.

In 2016, someone proposed the concept of "new retail". It is still an emerging research field in domestic and foreign academic circles. The academic and practical circles are still in the exploratory stage, and there are relatively few mature studies. Since China's market development initially proposed the "new retail" model, numerous and comprehensive discussions have taken place about this emerging sales model in China. Therefore, this part of the research is mainly conducted by domestic scholars, focusing on the following aspects:

First, the understanding of new retail formats. Based on the perspective of retail form and business format, Du & Jiang (2017) believe that the new retail format is an optimized model of organic integration of e-commerce platforms and physical retail stores in the commercial dimension.

According to Alibaba Research Institute, new retail is a data-driven pan-retail form that prioritizes the consumer experience. Xu (2018) believes that "new retail is an overall and fundamental reorganization of corporate resources and business formats. From the perspective of retail industry channel evolution (single channel, multi-channel, and omni-channel), Zhao (2017) believes that new retail formats include A borderless retail model that is omni-channel but goes beyond omni-channel, relying on advanced ideas and technology to meet consumer needs and taking into account internal employees and upstream and downstream business partners.

Wang (2017) summarized the new retail format as omni-channel and pan-retail. A comprehensive retail format that better meets the multi-dimensional needs of consumers for social interaction, entertainment, and shopping. From the perspective of the combination of channels and consumption reality, Chang Mingze (2018) believes that the "newness" of new retail lies in the innovative integration of channels in order to build a new consumption scenario that meets consumers’ all-weather shopping needs.

Secondly, it creates motivation for new retail formats. Interpreted from the perspective of e-commerce development, Du & Jiang (2017) believes that the birth of the "new retail" model is due to the current development bottleneck of traditional e-commerce and the obvious shortcomings of the online shopping experience being inferior to offline shopping.

Analyzing the three dimensions of online retail’s macrodevelopment, format evolution, and comparison with traditional retail, Wang (2017) believes that information technology, consumer demand, and competition are “the driving factors for the emergence of new retail formats. Similar views are found in Alibaba Research Institute of Commerce and Xu (2017),
who regarded technological innovation, consumption upgrading, and industry growth as the main reasons for the birth of new retail.

At the same time, the Circulation Industry Promotion Center of the Ministry of Commerce of China considered the current technological upgrading and consumption from the perspective of national ministries and commissions. Upgrading is the objective reason for the emergence of new retail.

Xu (2018) divided the causes of new retail development into two, taking the intoxication and weakness of traditional e-commerce as the internal cause and consumption upgrading and information technology innovation as the external cause.

Thirdly, regarding the future development trend of new retail formats, Regarding the future development of new retail formats, Zhao & Xu (2017) believe that the healthy development of new retail formats lies in the organic combination with new models in other industries such as new manufacturing, new finance, new technology and new resources; Xu (2017) considered omni-channel Marketing, personalized precision services and "social + experience" platforms are important development directions of new retail formats; Xu (2018) believes that new retail development is a step-by-step improvement of connection methods and focus, and starts from operating channels (online and offline integration) , marketing services (consumption scenarios) and other new fields (new technologies, new resources, new finance) are integrated into these three aspects.

In the field of channel research in China, research on channel methods, channel structures, and channel relationships is very active. Liu (2016) clearly proposed the advantages, disadvantages, and operating efficiency of each channel and conducted a diversified comparison of channel operations under different methods; however, due to differences in time and market conditions, the development of marketing channels requires actual case analysis. At the beginning of the 21st century, Zhao proposed the main principles for building an enterprise marketing channel system and clearly mentioned practical plans to promote the development of Internet channels. Channel structure research mainly focuses on the emergence and development of new marketing channels in China (Guo, 2023).

Due to changes in technology and communication methods, marketing methods are becoming more diversified and pan-entertainment, and the slowdown of traditional marketing channels has also aroused great interest among many scholars and experts.

Another key to channel management research is to explore the relationship between producers, intermediary companies, and terminal equipment. At this stage, Chinese marketing theory is mainly concerned with the effectiveness of consumers under new channel methods in order to improve and enhance channels.

On this basis, Yang Fangling discussed the evolution and game of cooperative relationships in the cooperation process; with the advent of the Internet era, changes in consumers also affect the cooperative activities of enterprises in the industry. We should immediately upgrade the traditional channel theory to include the requirements of corporate market activities. In addition to exploring the relationship between high-level channel members, research on channel theory is closer to the needs of terminal device consumers. Naturally, companies can also achieve the purpose of enhancing their corporate brand image through marketing channels.

At this level, the role of corporate propaganda as a channel further broadens the development of channels and their theoretical framework.
STUDY OF CHANNEL OPTIMIZATION OF

Conceptual framework

This research is based on the questionnaire survey on the current channel management status of G Tire Company based on the "4M1E (Man, Machine, Material, Method, Environment) Management Method," which carefully analyzes the five major elements of personnel allocation, machinery and equipment, raw material supply, operating methods, and environmental factors, providing a comprehensive and systematic perspective on tire company channel management. The 4M1E method emphasizes the interaction and influence between various elements, helping tire companies identify and optimize key links in channel management. This method focuses on data analysis and empirical research, providing tire companies with a basis for scientific decision-making.

WeChat hosted an online questionnaire survey targeting tire retail store owners in the current market. We collected a total of 416 valid questionnaires, encompassing 159 cities and accounting for the number of stores in first-tier cities. 3%, second-tier cities accounted for 24%, and third-tier and fourth-tier cities accounted for 24% and 49%, respectively.

Questionnaires for consumers were also sent out through WeChat online questionnaires, targeting car owners currently on the market, that is, potential consumers of tire retail stores. We collected a total of 505 valid questionnaires from 103 cities.

Methodology

Case analysis method

The case analysis method has significant advantages in exploring issues of practical significance. Current theoretical research still lacks clarity on how to optimize corporate channel management under the new retail format. Therefore, it is necessary to go deep into the actual business operations to understand the issues in order to be more targeted. Come up with coping strategies.

The research subject of this article, G Tire Company, is a typical representative of the global tire industry. Its practical experience in online and offline channel integration and e-commerce projects provides a valuable reference for the industry. Since its launch in 2017, G Tire Company has continuously adapted and responded to changes in the market and retail environment and accumulated a large amount of first-hand data and information.

This article provides an in-depth analysis of G Tire Company’s channel optimization and integration practices in the market environment, aiming to provide it with practical improvement suggestions and also provide reference and inspiration for other companies in the same industry to optimize channels in the new retail environment.

Survey research methodology

In existing marketing research, the questionnaire method is the most commonly used research method and one of the most important ways to collect data in marketing research. The advantage of the questionnaire method is that the survey results are easier to quantify and statistically analyze, it can conduct large-scale surveys, and it can quickly obtain a large amount of first-hand information.

This study designed a questionnaire using the "4MIE" analysis method, with a primary focus on examining the profitability factors of retail stores in the automotive aftermarket within the new retail environment.
Therefore, the sample selected car owners and retail store owners as the research objects and adopted empirical research methods to obtain first-hand data.

Results

**Questionnaire survey of retail store owners**

Among the retail store owners surveyed, those with more than 5 years of experience accounted for 83%. Those with 1-3 years and 3-5 years accounted for 7% and 9%, respectively. The proportion of those who have been new to the industry for one year is only 1%. We can clearly see that retail store owners are generally experienced and stable.

After classifying and summarizing numerous sources of data, the general survey results of the questionnaire show that retail store owners generally feel that the important profit factors are retail store promotions, employee management, systematization, and logistics distribution. These four factors all account for more than 80% of the total. However, online traffic, after-sales service, customer service, service attitude, and store environment are not taken seriously by store owners.

**Consumer questionnaire survey for car owners**

In this survey, consumers in first-tier cities accounted for 5%, consumers in second-tier cities accounted for 35%, and consumers in third- and fourth-tier cities accounted for 20% and 40%, respectively. Among the car owners surveyed, the proportions of car owners of different ages are relatively balanced. Those with cars older than 6 years account for the smallest proportion, accounting for 20%, while those with cars aged 2-4 years account for the largest proportion, 29%. It can be seen that, unlike retail store owners, who generally have more than 5 years of experience in the industry, consumers have a greater proportion of trust, and the vehicle age is generally less than 6 years old.

As potential customers of retail stores, car owners have a relatively balanced demand situation. The main point of appeal is the professionalism of the overall service provided by the store, including professional fault diagnosis, professional maintenance skills, professional advice on repair and maintenance, service attitude, the final car delivery process, product quality, brand, and overall cost performance.

They generally have higher requirements for service quality and also put forward higher requirements for the service level of the automobile maintenance industry. This requires retail stores to use new technologies to innovate and improve product services, upgrade the service experience, and strengthen service quality so that they can truly gain customers' trust, retain customers, and promote secondary consumption.

Comparing the survey results of retail store owners and car owners, it can be concluded that because store owners have been in the business for a long time, many of their concepts still remain before the rise of "new retail", and some of the store owners' concepts have not kept up with the changes in consumer thinking.

For instance, 76% of consumers prioritize online channels, whereas only 48% of store owners prioritize online traffic; conversely, store location primarily determines offline channel traffic, with 69% of consumers placing significant importance on it. It is an area of low concern among all the options in the survey, but 79% of store owners believe that store location is very important and is a factor that they pay high attention to.
As the living standards of our people continue to improve, consumers are paying less attention to cost performance while paying more attention to service experience. In this regard, the thinking of shop owners has not completely changed.

For example, in the area of "promotional activities," which have a greater impact on cost performance, 88% of shop owners recognize the role of promotional activities, which is the highest recognition rate among all factors. However, among car owners, Only 63% of people care about it. As for service attitude, 75% of car owners care about it, but only 47% of store owners think it can affect the store's profitability.

In summary, as young car owners continue to upgrade their concept of car maintenance, their concern about maintenance prices has gradually changed to concern about maintenance quality. Users are willing to pay corresponding fees for high-quality services and simply rely on low prices to attract customers.

It is difficult to achieve long-term profitability. The key is to improve the store’s own image and hardware facilities and provide excellent service quality.

At the same time, with the emergence of more and more emerging car owners and changes in current consumer lifestyles, the maintenance model that combines online and offline has become an important choice for car maintenance. For the current traditional maintenance channels, various brands should be developed and utilized.

Through online channels, we combine online and offline methods with precise marketing models to improve the convenience for car owners to go to the store for maintenance and consumption and, at the same time, improve the store's own offline service skills and maintenance capabilities to unify the store's service standards and the development of standard operating specifications to increase users’ service experience.

For G Tire Company, it is about changing the inherent thinking of store owners and building a "new retail" platform so that offline store owners can quickly and conveniently keep up with the development of the times.

**Discussion**

*The impact of e-commerce on traditional retail sales*

For G Tire's traditional retail stores, most are husband-and-wife shops, or they rely on the surrounding users. Attract customers through the price advantage, and distribute offline flyers to promote the stores.

But for these retail stores, in the e-commerce environment, price transparency leads to lower profit margins than before, and the layout of retail stores is mainly located in dense community stores or tire retail stores in concentrated auto parts cities.

The success of these retail stores hinges on their ability to convert customer traffic into sales. But with the emergence of more comprehensive one-stop service experience centers, for example, Tuhu Factory Store, Beijing Tokyo Car Hui, Auto Superman, and other one-stop stores, consumers are more used to one-stop, well-featured, and transparent stores for maintenance and tire replacement services.
Table 1 - Contract completion rates and average purchases of G Tire Company's retail stores that joined in 2021 and 2022
(made by the author, using official web site of the company)

<table>
<thead>
<tr>
<th>2021 Join the image store</th>
<th>2021</th>
<th>2022</th>
<th>D-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>province</td>
<td>Shop number</td>
<td>Contract completion rate</td>
<td>The average buy</td>
</tr>
<tr>
<td>Anhui Province</td>
<td>22</td>
<td>105%</td>
<td>92</td>
</tr>
<tr>
<td>Beijing Municipality</td>
<td>26</td>
<td>226%</td>
<td>170</td>
</tr>
<tr>
<td>Fujian Province</td>
<td>56</td>
<td>119%</td>
<td>44</td>
</tr>
<tr>
<td>Gansu Province</td>
<td>35</td>
<td>94%</td>
<td>23</td>
</tr>
<tr>
<td>Guangdong Province</td>
<td>97</td>
<td>167%</td>
<td>154</td>
</tr>
<tr>
<td>the Guangxi Zhuang Autonomous Region</td>
<td>29</td>
<td>123%</td>
<td>60</td>
</tr>
<tr>
<td>Hainan Province</td>
<td>23</td>
<td>98%</td>
<td>44</td>
</tr>
<tr>
<td>Henan Province</td>
<td>56</td>
<td>110%</td>
<td>48</td>
</tr>
<tr>
<td>Hubei Province</td>
<td>39</td>
<td>109%</td>
<td>56</td>
</tr>
<tr>
<td>Heilongjiang Province</td>
<td>71</td>
<td>154%</td>
<td>133</td>
</tr>
<tr>
<td>Hubei Province</td>
<td>30</td>
<td>193%</td>
<td>103</td>
</tr>
<tr>
<td>Hunan Province</td>
<td>49</td>
<td>144%</td>
<td>102</td>
</tr>
<tr>
<td>Jilin Province</td>
<td>27</td>
<td>101%</td>
<td>21</td>
</tr>
<tr>
<td>Jiangsu Province</td>
<td>98</td>
<td>141%</td>
<td>103</td>
</tr>
<tr>
<td>Jiangxi Province</td>
<td>32</td>
<td>163%</td>
<td>76</td>
</tr>
<tr>
<td>Liaoning Province</td>
<td>34</td>
<td>120%</td>
<td>64</td>
</tr>
<tr>
<td>Hebei Province</td>
<td>30</td>
<td>193%</td>
<td>103</td>
</tr>
<tr>
<td>the Xinjiang Uygur Autonomous Region</td>
<td>13</td>
<td>93%</td>
<td>45</td>
</tr>
<tr>
<td>Shanxi International Gong and Drum Festival</td>
<td>29</td>
<td>99%</td>
<td>47</td>
</tr>
<tr>
<td>Shaanxi Province</td>
<td>34</td>
<td>106%</td>
<td>53</td>
</tr>
<tr>
<td>Shanghai Municipality</td>
<td>29</td>
<td>212%</td>
<td>174</td>
</tr>
<tr>
<td>Sichuan Province</td>
<td>34</td>
<td>217%</td>
<td>106</td>
</tr>
<tr>
<td>Tianjin Municipality</td>
<td>23</td>
<td>145%</td>
<td>103</td>
</tr>
<tr>
<td>the Xinjiang Uygur Autonomous Region</td>
<td>13</td>
<td>114%</td>
<td>44</td>
</tr>
<tr>
<td>Yunnan Province</td>
<td>32</td>
<td>115%</td>
<td>55</td>
</tr>
<tr>
<td>Zhejiang Province</td>
<td>32</td>
<td>208%</td>
<td>195</td>
</tr>
<tr>
<td>Chongqing City</td>
<td>28</td>
<td>169%</td>
<td>107</td>
</tr>
<tr>
<td>Grand Total</td>
<td>1082</td>
<td>156%</td>
<td>94</td>
</tr>
</tbody>
</table>
The Way Tiger Research Center released a November 2021 tire electric business data report. According to the Way Tiger car platform, orders increased by 88% last year, double 11-day proprietary platform orders increased by 126% compared to last year, and factory shop orders increased by 143% last year.

The perspective of the data clearly shows the industry "hard power" of the giant. Tmall Car announced in 2021 that, with Superman and the auto parts, the new car market company "Tmall Station", the integration of mechanics and maintenance stores, and the realization of the "standardized" mechanics of the of the new retail model, the first 1100 "Tmall Station" certification shop will land in Hangzhou, Nanjing, Suzhou, Wuxi, and other 16 cities across the country.

The power of e-commerce in offline channels greatly occupies the customers and profits of traditional retail stores.

In order to evaluate the impact of the large expansion of e-commerce offline stores in 2022 on G Tire Company stores, I counted the contract completion rate and average purchase of retail stores of G Tire Company in 2021 and 2022, and the results are shown in Tab. 1.

We can clearly see from Tab. 1 that, compared to 2022–2019, the retail overall contract completion rate and average buying have fallen sharply. Beijing, Chongqing, Sichuan, and Zhejiang provinces have more than 100% lower. The national retail monthly average buying also fell from 94 to 55 in 2022 due to store renewal rates of only 45%, compared with 65% in 2021, which presents a sharp decline. This shows that the development of offline channels of e-commerce has indeed greatly occupied the customers and profits of traditional retail stores.

The channels in the first-tier and second-tier cities are too dense

For the tire industry, whose entry threshold is relatively low, the retail store competition is fierce. The current service standards of traditional tire retail stores are different, and the product quality is uneven. Self-employed households rent stores, buy simple equipment such as tire dismantling machines and four-wheel locators, and recruit 1-2 maintenance workers with tire industry experience to open a tire retail store.

On the other hand, each tire manufacturer has played a variety of preferential policies to attract its own brand of tire retail stores, even if the competitors have maintained a high growth rate and scale, resulting in more fierce competition in the industry.

Considering the degree of consumption, most manufacturers used to layout retail stores almost in the first and second-tier cities. The data in Tab. 2 reveals a high network density of first-tier and new first-tier cities in terms of retail store channels.

The number of retail stores in 19 cities accounts for 28% of the number of retail stores in China, and the number of retail stores in 31 second-tier cities also accounts for 22% of the country, while 273 third-tier cities and below only account for 50%.

As the consumption power in third-tier and fourth-tier cities rapidly improves, it gradually aligns with the unit price level of middle and high-end tire stores. The vast geographical space in third-tier cities and below will rapidly unlock potential, leading to inevitable channel sinking. At present, the number of cars below third-tier and fourth-tier cities accounts for 46%, and the number of models above 10W accounts for 40%.

The market share is no less than that of first-tier and second-tier cities, and the per capita disposable income will increase rapidly in the future. It is expected that in the next 3–5 years, the potential market space released will reach the 11-tier and second-tier cities.
As a result, G’s retail stores in third-tier cities must keep up with the pace of its market size and can no longer be concentrated in first- and second-tier cities as before.

Table 2 - City proportion of retail stores of G Tire Company in 2022 (retail store density)
(made by the author, using official web site of the company)

<table>
<thead>
<tr>
<th>City level</th>
<th>The number of cities</th>
<th>Car ownership</th>
<th>More than 100,000 car ownership</th>
<th>Retail-store-buying data</th>
<th>Number of retail stores</th>
<th>Retail store intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>first-tier city</td>
<td>4</td>
<td>15,439,276</td>
<td>8,039,404</td>
<td>428,344</td>
<td>453</td>
<td>113</td>
</tr>
<tr>
<td>New first-tier cities</td>
<td>15</td>
<td>37,515,395</td>
<td>17,734,807</td>
<td>706,905</td>
<td>858</td>
<td>57</td>
</tr>
<tr>
<td>second-tier city</td>
<td>31</td>
<td>35,260,406</td>
<td>16,614,106</td>
<td>692,500</td>
<td>1,004</td>
<td>32</td>
</tr>
<tr>
<td>Third line and below</td>
<td>273</td>
<td>74,723,983</td>
<td>28,320,857</td>
<td>1,190,152</td>
<td>2,271</td>
<td>8</td>
</tr>
<tr>
<td>amount to</td>
<td>323</td>
<td>162,939,060</td>
<td>70,709,174</td>
<td>3,017,900</td>
<td>4585</td>
<td>211</td>
</tr>
<tr>
<td>The proportion of the first and second lines</td>
<td>54%</td>
<td>60%</td>
<td>61%</td>
<td>50%</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>The proportion below the third line</td>
<td>46%</td>
<td>40%</td>
<td>39%</td>
<td>50%</td>
<td>50%</td>
<td></td>
</tr>
</tbody>
</table>

**Lack of big data and a single brand**

In the new retail format, traditional offline retail stores should make full use of the power of big data to improve the commodity conversion rate. The growth and success of companies like Taobao, JD, and Xiaohongshu lie not only in serving consumers but also in providing shortcuts to enable them to make quick decisions and take next steps.

Consumers of the new retail era are omnichannel shoppers, and their buying journey usually starts with one channel and then ends with another.

For example, consumers who buy tires on JD can browse information about product attributes and price inventory in online stores, buy them online, and install them in retail stores offline. For these data, G Tire Company excavates massive real transaction data and conducts comprehensive big data analysis on the data to understand the purchasing bias of consumers so as to provide personalized purchase suggestions and promotional information from "thousands of people," provide an omni-channel customer purchase experience, and stimulate their emotional connection.

At present, traditional retail stores face the market characteristics of consumer group stratification, the niche of consumer demand, the personalization of consumer demands, the facilitation of purchase methods, and the community of purchase channels. At the same time, the current retail industry is extremely rich.

Through online two-way centers of gravity, precise different consumer groups, the establishment of brands to meet different target consumer groups, the current G brand single, lack of certain flexibility, inability to adapt to different consumer groups brand preferences and consumption characteristics, inability to blend into the market differentiation, also affected the product market share and the overall sales.
Conclusion

With the rise of "new retail," more and more traditional retail companies have been impacted, forcing them to make targeted improvements to their original channels in order to maintain their market share in the new environment and even take advantage of "new retail" to achieve new growth. G Tire Company is a world-class tire manufacturing and sales company. In the early days of entering the Chinese market, it mainly relied on traditional offline retail stores. In recent years, physical retail stores in the traditional retail industry have experienced varying degrees of performance decline, and there was even a wave of "bankruptcies" in 2019. As the "Internet +" model continues to expand into various industries, the relationship between the Internet and physical stores has become increasingly significant. The "new retail" model of staggered integration of the retail industry has become a trend in the transformation of the traditional retail industry.

As a number of companies such as Tuhu enter the tire industry with the "new retail" model, competition in the industry has become increasingly fierce, and G Tire Company's traditional offline channels have also received a great impact. Therefore, G Tire Company actively embraced the "new retail" theory and made targeted improvements to its channels in response.

Based on a systematic review of domestic and foreign literature and theoretical analysis, this paper uses survey research and data research methods to sort out the current channel status of G Tire Company. We found that G Tire Company had problems such as insufficient preparation for online channels, too dense channels in first- and second-tier cities, and a single brand, which led to difficulties in sinking market channels and being unable to reach more end consumers. This article also compares and analyzes the current situation of various tire brands on the market, including the various initiatives of traditional tire brands in the new retail context, including the current increasingly popular e-commerce platform development and offline physical brand improvements, and an in-depth analysis of G Tire Company.

The development status of the industry and the transformation environment it faces. Under the impact of e-commerce on traditional retail channels, G Tire Company's retail channel data shows that the contract completion rate in various provinces has generally shown a downward trend in the past two years. Furthermore, the over-density of channels in first- and second-tier cities, along with the adoption of a single brand strategy, have contributed to this downward trend. Difficulty in sinking market channels makes it impossible to reach more end consumers.

Using survey research and data research methods, this article conducted a targeted survey of tire store owners and car owners to analyze the store owners' emphasis on the profitability factors of the retail store and the car owners' preference as consumers for the services provided by the store. What is the impact of G Tire Company on G Tire Company? Following the analysis of the sales model, G Tire Company proposed a plan for optimizing online channels and elaborated a series of measures for successful strategic transformation. In terms of online channels such as O2O and e-commerce platforms, G Tire Company has opened up online-offline channels, balanced the price system of online-offline channels, ensured product quality in all channels, and expanded mobile Internet terminals and other measures.
Specific measures include establishing an O2O channel suitable for the company itself (the flagship store on the Tmall platform), organizing and participating in many online promotion activities, strongly cooperating with e-commerce brands such as Tuhu and JD.com for brand promotion, newly developing WeChat mini-programs, using mobile Internet terminals to reach more end consumers, and helping attract offline traffic. In terms of offline channels, we have optimized the approval process for retail stores, adjusted the store investment rules for offline channels, further subdivided retail channels, encouraged channel development in third-tier cities and below, and increased our investment in supporting them.

Further control the quality and stability of offline channels. At the same time, in 2020, G Tire Company developed a new tire warranty extension project. It collected a large amount of consumer information through the registration of the extended warranty and then upgraded the marketing model through big data analysis for a precise push; it also analyzed consumer behavior paths. Further pointing out the direction for market activities.

Recommendation

The retail industry is ushering in a new period of development, and traditional retail companies need to psychologically identify with it and embrace transformation and upgrading more actively. In the future, I believe that many traditional retail companies will gradually keep up with the pace of "new retail" through their own continuous innovation and practice, use new technologies to digitally transform their current management systems and business ideas, and successfully transform and upgrade to achieve long-term development.

Benefit

Due to the limitations of the data sources and my own abilities, this article also has many shortcomings. This article mainly uses the questionnaire survey method and retail store purchase and sale data statistics as cross-sectional data, which cannot reflect the dynamic changes of multi-channel retail. In the future, longitudinal research should be considered to explore the dynamics of multi-channel retail; in the case study, only some stores and provinces were selected for case analysis.

We should try to diversify case studies to further explore the help that the changes in new retail channels can bring to traditional industries; this article mainly focuses on the data and channels of G Company’s tire retail stores. With the upgrading of the market, the types of multi-channel retail are becoming more and more abundant, and there is a lack of research and differentiation considerations for different brands and other e-commerce channel retailers. These issues are worthy of our continued research and discussion.

References


STUDY OF CHANNEL OPTIMIZATION OF


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