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Analysis of the Differentiated Concentration Strategy of Xunda Group

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Abstract

In the context of the transformation of China's kitchen appliance industry from an incremental market to a stock market, the competitive landscape of the industry has undergone profound changes. Alongside the increase in residents' income levels, the upgrading of consumption concepts, and the strengthening of health consciousness, the market demand for diversified and high-end kitchen appliances has been continuously escalating, and the industry has entered a crucial stage of transformation and upgrading. This study adopts Porter's competitive theory as the analytical framework and selects Xunda Technology Group Co., Ltd. as the case study to explore the strategic choices and implementation paths of small and medium-sized kitchen appliance enterprises in the stock competition environment. The research discovers that through a differentiated concentration strategy, Xunda Group has constructed competitive advantages in three dimensions: in-depth cultivation in regional markets, focus on core technologies, and professionalization in product research and development. Nevertheless, field research reveals issues such as solidified brand perception, imbalanced product sales structure, and lagging insight into consumer demands during the strategy implementation process. Based on this, this paper presents relevant improvement suggestions to provide practical references for similar kitchen appliance enterprises to cope with industry transformation challenges and achieve sustainable development.

Keywords

Differentiated Concentration Strategy; Competitive Strategy; Strategic Implementation.

1. Introduction

Operating within the significant market scale of the Chinese kitchen appliance industry, enterprises face an increasingly complex and competitive landscape. Contemporary markets are shaped by factors such as the shock of the epidemic, real estate regulation, and the rising cost of the supply chain, the competitive pattern of the industry has demonstrated a centralized trend. Against the industrial backdrop of inventory replacement, consumption upgrading, and channel integration, kitchen appliance enterprises are in urgent need of formulating adaptive competitive strategies.Based on the theoretical framework of Porter's competitive strategies, this study takes the regional private enterprise, Xunda Technology Group, as the research object. Through the implementation of the three-pronged differentiated concentration strategy of "regional deep cultivation + focusing on gas stove products + technological innovation", Xunda Group has established brand advantages in the Hunan market. By conducting on-site investigations into the enterprise's operational conditions and systematically analyzing the implementation effectiveness and potential risks of Xunda Group's strategies, this paper provides certain references for small and medium-sized kitchen appliance enterprises to implement the differentiated concentration strategy.

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2. Introduction of the Case

2.1. Company Profile

Xunda Technology Group Co., Ltd. (abbreviated as "Xunda Group") is a private enterprise in the kitchen appliance industry, and its headquarters is situated in Xiangtan City, Hunan Province. The company originated from the Xiangtan New Product Development Research Institute founded by Mr. Wu Shangkui in 1984. After four decades of development, it has now formed a full industrial chain layout encompassing the research and development, production, sales and service of kitchen appliances. The group adheres to the corporate mission of "Enabling a green and quality life through technological innovation and quality", and takes "Becoming an industry leader and establishing a century-old Xunda" as its strategic vision. Its main business encompasses eight product systems such as gas stoves, integrated kitchen equipment, fume purification systems, water heaters (gas/electric), disinfection and storage equipment, and intelligent cooking appliances (steam ovens/dishwashers).

As of the present, the group possesses 5 wholly-owned subsidiaries and has established two major production bases, namely the Hunan Science and Technology Park and the Hubei Industrial Park, with a total land area of approximately 520 mu and over 1,500 employees. Relying on the large-scale production system, the enterprise's annual production capacity has exceeded 2 million units, with an annual operating income of nearly 1 billion RMB, among which the foreign exchange earnings from the overseas market exceed 20 million US dollars.

2.2. Implementation Framework of Xunda Group's Differentiated Concentration Strategy

Currently, in the face of intense market competition, the Xunda Group has opted to implement a differentiated concentration strategy. Through field research and analysis, this paper identifies and examines how the Xunda Group's differentiated concentration strategy is primarily executed in three key areas:

2.2.1. Strategic Resource Consolidation Driving Hunan Market Penetration

Xunda Group has constructed a deeply penetrating channel network in the Hunan market, maintaining self-operated branches in all 14 prefectural-level cities within the province, establishing a regional coverage advantage that is difficult for competitors to reach. As of 2024, 72.3% of its over 1,200 authorized stores nationwide are concentrated in the Hunan market, with a store density of 578 in the core area of Changsha-Zhuzhou-Xiangtan. It has also expanded into county-level markets through the "Thousand Towns and Ten Thousand Villages Plan", establishing township image outlets through customized products and standardized operation support. Regarding brand building, since 2016, it has adopted a localized endorsement strategy by signing Wang Han to enhance brand affinity. In the following year, it invested 30 million yuan to be featured in the hit variety show "The Chinese Restaurant" (with a CSM metro area rating of 1.52), achieving high-frequency brand exposure for its kitchen appliances. A three-dimensional advertising matrix has been established to cover key traffic nodes such as Changsha Airport and high-speed rail hubs. The in-depth channel development has achieved remarkable results: According to data from Aowei Yunwang, from 2022 to 2024, Xunda's market share of gas stoves in Hunan has steadily increased from 35.09% to 37.46%, continuously leading the regional market. This combined strategy of "high-density channels + localized marketing" has successfully consolidated its leadership position in the base market.

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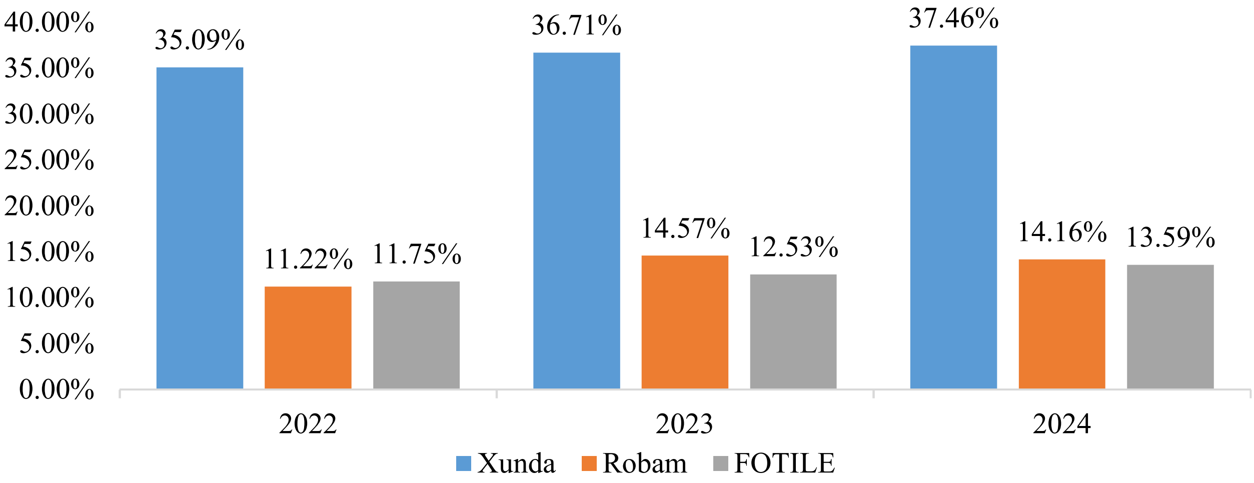

Figure 1. Comparison of the Market Share of Different Brands of Gas Stoves in Hunan Province

2.2.2. Focusing on Stove Innovation Ensuring Competitive Differentiation

The competitive advantage of XunDa Group's gas stoves in the Hunan market is closely associated with its precise adaptation to regional demands. In response to the rigid demand for high-intensity firepower gas stoves due to the stir-frying feature in Hunan's culinary culture, the group has concentrated its R&D resources on key breakthroughs in firepower performance within the gas stove domain and established a three-tier product matrix: The N series (low-end) penetrates the mass market through a cost-performance strategy; the H series (mid-range), by virtue of the fully upward air intake core technology, realizes a closed liquid-receiving tray design, reducing the probability of liquid seepage to 0.3% (compared to an average of 2.1% for competitors), and becomes the main source of profit; flat-top gas stove series (high-end) undertakes the function of enhancing the brand image. In terms of technological breakthroughs, the swirling burner achieves a thermal efficiency of 70% (industry average ranging from 58% to 63%), increases the heat load by 16% to 5.2kW, and the integrated burner head design reduces the cleaning costs for customers. Market performance has verified the effectiveness of this strategy: Monitoring data from Aowei Yunwang indicates that in the top 20 best-selling models in Hunan in 2024, XunDa occupied 45%, outpacing its competitors. Its main price range (800 - 1500 yuan) market share reached 34.7%, an increase of 5.2 percentage points compared to 2022 (AVC data). This positive cycle of R&D, technology, and market has constituted the core support for its regional competitive advantage.

Table 1. The top 20 best-selling gas stove models of each brand in Hunan Province in the past three years

Numble	2022	2023	2024
Xunda	5	8	9
Robam	2	3	4
FOTILE	4	3	2
Other Brands	9	6	5

2.2.3. Advanced Combustion Technology Sustaining Industry Leadership

The high level of recognition accorded to XunDa Group's gas stoves in the Hunan market stems from the profound alignment of its research and development (R&D) focus with the characteristics of the regional market. The dietary culture in the Hunan region leans towards

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high-temperature cooking methods such as stir-frying. The swirling burner developed by Xunda achieves high heat load output through the technology of flame centripetal rotation, precisely aligning with the regional consumer requirements. The enterprise's R&D team consists of 50 individuals, among whom 60% are dedicated to the field of gas stoves, thereby establishing a technological edge. In terms of gas stoves, it maintains leading-edge technologies: Firstly, the self-developed swirling burner enhances the thermal efficiency to 82% through oxygen-enriched combustion technology. Secondly, the H series is equipped with a fully top air intake technology that breaks through the constraints of traditional designs. The closed liquid-receiving tray structure eliminates the potential for liquid seepage and is safer compared to the full air intake technology employed by industry peers. Additionally, it features an integrated burner design, facilitating easier cleaning. The company's gas stove product matrix encompasses 38 models spanning the low-end (N series), mid-range (H series), and high-end (flat stove series), achieving the dual objectives of market penetration and brand premium through stratified positioning. Monitoring data from AVC reveals that in the top 20 best-selling gas stove models in Hunan in 2024, Xunda accounted for 45%, outperforming its competitors. The establishment of this regional market advantage essentially reflects the dynamic coupling mechanism between the enterprise's technology-driven R&D orientation and the consumption characteristics of the regional market.

3. Analysis of the Challenges in Implementing Xunda's Differentiated Concentration Strategy

By implementing the differentiated concentration strategy, Xunda Group's gas stove products have achieved a certain competitive advantage in terms of market share in Hunan Province. However, based on comprehensive research and data analysis comparing Xunda Group with its competitors, several challenges have been identified in the implementation of this strategy:

3.1. Rigid Brand Positioning Exhibiting Low-End Attributes

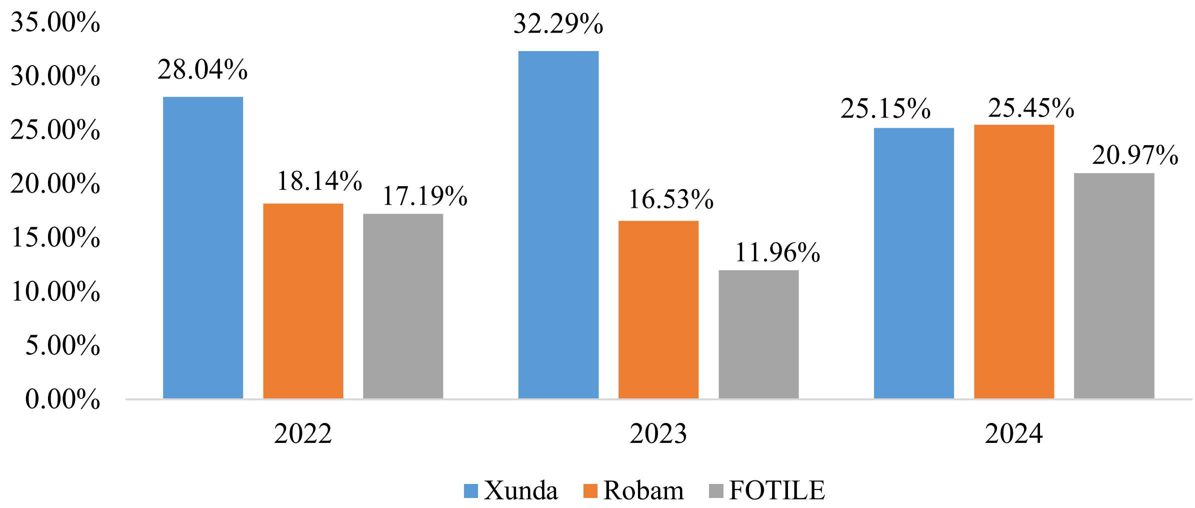

Figure 2. Comparison of the Market Share of Sales Amount of Different Brands of Gas Cookers in Hunan Province

Although Xunda gas stoves maintain a market share of 25% to 32% in the Hunan market, its price system exhibits significant structural deficiencies. Data reveals that the average price of its gas stoves in 2024 was merely 1,182 yuan, less than 50% of the average prices of FOTILE

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(2,597 yuan) and Robam (2,993 yuan), and even lower than the price point (above 2,700 yuan) that 40% of consumers report being willing to pay. The core contradiction lies in the imbalance of the product portfolio: The tabletop gas stoves, which have a relatively high proportion in the rural market and an average price of less than 800 yuan, continue to dilute the brand value. Additionally, the inertia of the distribution system leads channel distributors to prefer to stockpile low-priced models to increase sales volume. This price anchoring effect is contrary to the trend of consumption upgrading - as monitored by Zhongyikang, the sales volume of high-end gas stoves priced above 3,000 yuan has increased year-on-year, while Xunda's main products are still concentrated in the price range below 1,500 yuan. When competitors reshape the value benchmark through embedded smart gas stoves, Xunda's outdated product structure and channel strategy are confining it to the mid-to-low-end market.

3.2. Disproportionate Sales Structure with Insufficient Product Synergy

Currently, the consumption of kitchen appliances shows a significant trend towards systematization. Consumers are more inclined to make integrated purchases led by range hoods. Industry data indicates that the average price of range hoods (4,000 yuan) is approximately twice that of gas stoves (2,000 yuan). The high unit price characteristic makes it a brand recognition anchor point, allowing leading brands such as Fangtai and Boss to occupy users' minds. In terms of performance parameters, the wind pressure index of range hoods directly affects the smoke exhaust efficiency in high-rise residences, while the firepower of gas stoves has tended to be homogenized. Consumers pay more attention to appearance design and intelligent interaction. Field research shows that 46% of consumers choose mixed purchases (such as Xunda's gas stoves + FOTILE's range hoods), but in systematized sales, Xunda potentially loses the initiative due to the relative weakness of its range hood products compared to its gas stoves. As indicated in Table 2, a significant disparity persists in the range hood-gas stove pairing ratio between Xunda and a key competitor, Vatti. This reveals the structural shortcoming of single-category dominant enterprises in ecological competition.

Table 2. Comparative Data on Xunda and Vatti's Range Hood-Stove Pairing Ratios

	Sales Volume of Built-in Gas Stoves (ten thousand units)	Sales Volume of Range Hoods (ten thousand units)	Range Hood-Stove Pairing Ratios
2023			
Xunda	42.5	13.2	1:3.23
Vatti	284.6	225.9	1:1.26
2024			
Xunda	41.3	12.1	1:3.41
Vatti	265.8	214.4	1:1.24

3.3. Inert Market Responsiveness Confronting Senescent Consumer Base

The upsurge of artificial intelligence technology has expedited the intelligent transformation of the kitchen appliance industry, with market demands presenting a trend of younger demographics and individualization. Currently, mainstream products have surpassed the boundaries of traditional functions and achieved human-machine interconnection and intelligent services via the Internet of Things and artificial intelligence technology. For instance, FOTILE's Z1 gas stove realizes the automatic control of the cooking process, and Mars' Q6C integrates steaming and baking functions and incorporates entertainment and social attributes, both successfully catering to the demands of young consumers. In contrast, the Xunda Group, with gas stoves as its core products, has witnessed a notable mismatch between its "pragmatism" product strategy and market changes. Research data indicates that the brand's main consumer group is concentrated among traditional users aged 40 to 50, while the

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proportion of young customers who focus on intelligent interaction and design aesthetics is insufficient. The product matrix lacks standard functions such as intelligent recipe systems and OTA upgrades, and lags behind in the development of social attributes. This functional disparity not only restricts the brand's rejuvenation process but is also likely to weaken the dominant position of its core category in future market competition.

4. Recommendations and Conclusion

Based on the issues that emerged during the implementation of the differentiated concentration strategy by the Xunda Group, this paper proposes corresponding suggestions from the perspectives of brand, product, and consumer. The specific suggestions are as follows:

4.1. Strategic Brand Divestiture Elevating Value Perception

As a popular kitchen appliance brand, XunDa Group currently adopts a people-friendly pricing strategy to fulfill the demands of the working-class population. Its brand positioning of "high quality at reasonable prices" has engendered a stable market perception. Nevertheless, in the context of consumption upgrading, the demand in the kitchen appliance market exhibits a trend towards high-end and scenario-oriented. A single brand finds it challenging to accommodate differentiated positioning. The following brand upgrade strategies are recommended for implementation: (1) Establish sub-brands to undertake the low-end product lines (such as countertop stoves) to achieve brand segregation; (2) Optimize the product structure and enhance the proportion of mid-to-high-end products through technological innovation; (3) Establish a price gradient system to bring the average price of the main products closer to the industry benchmark. This strategy can not only sustain the existing market advantages but also achieve a brand value leap through systematic product upgrades, ultimately accomplishing the strategic transformation from a mass brand to a quality brand.

4.2. Structural Optimization Expanding Range Hood Penetration

Xunda Group is confronted with an imbalance in its product sales structure. Such a reliance on a single product not only attenuates the synergy effect among product categories but also constricts the brand's upgrading process. Hence, this paper proposes that Xunda Group adopt a dual-track strategy: In the short term, it should promptly fill the capacity gap of range hoods through OEM branding and implement a "stove-hood combination" marketing strategy to enhance the rate of set purchases; in the long term, it is necessary to restructure the R&D system, augment the R&D investment intensity in range hoods, and achieve "gas stove-hood dual-core" drive through product iteration and upgrading. This transformation path can not only alleviate the risk of excessive dependence on a single product but also form a product matrix that is commensurate with the brand's upgrading.

4.3. Consumption Trend Alignment Cultivating Youth Clusters

With the generational shift of the consumer group, the kitchen appliance industry demonstrates a marked trend of youthfulness. The new generation of consumers, while emphasizing the optimization of basic functions, increasingly emphasize the interactive experience, social attributes, and innovative appearance design of products. Leading enterprises in the industry have taken the lead in advancing product iterations, yet the Xunda Group lags conspicuously in the perception of the demands of young consumer groups and product innovation. It is proposed that Xunda focus on the integrated innovation of digital technologies such as artificial intelligence and the Internet of Things, construct a dynamic adaptive mechanism of "demand perception - technological R&D - product iteration", and cultivate brand recognition among young consumer groups by enhancing the intelligence level and scene adaptability of products, laying a market foundation for establishing a sustainable competitive advantage.

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