

The Transition of marketing strategies of RIO Cocktail in China

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Abstract. RIO Cocktail established in 2003 when it accessed the market with unfamiliar alcohol, pre-cocktail, to Asian people. RIO tailored the recipe for Asian people according to their tastes and eating habits. Being inspired by a Japan cocktail Chuhai cocktail, RIO is low-alcohol which becomes the main selling point of itself. Reaching the peak in 2014, RIO was successful due to high exposure by inundated advertisements and massive product placements in TV shows, however, RIO witnessed a severe decline in sales in the next few years. In 2018, the new series of RIO was released with a new spokesperson, Zhou Dongyu, and started a new "RIO craze". The transition of RIO's marketing strategy is worth study since it covers the mistakes and possible corrective actions which are of referential value for corporations and enterprises which face similar marketing challenges while suffering sales decline. In this research, RIO's transition of its marketing strategy could be reflected in three aspects: redetermining brand image by choosing spokesperson, impressing consumers through context marketing in advertisements, and stimulating purchase by means of creative and innovative co-branding activities. Taking the abovementioned three steps, RIO made improvements and had better performance in sales.

Keywords: Cocktail, Marketing, Transition.

1. Introduction

Conceived in 2003 by Shanghai Bacchus Limited Company which is an arm of the Australian-based Bacchus Distillery, RIO Cocktail officially entered the market with its innovative cocktail recipe specially tailored to the taste of Asian people developed in the previous year after being inspired by Chuhai cocktail in Japan. The name 'RIO' derived from Rio de Janeiro, the hometown of its chief bartender. In 2004, RIO completed its construction of a large-scale production base which covers an area of 30,000 square meters and started expanding its market in the next year. Characterized by 'Chinese cocktail', RIO earned fame rapidly and became a household name especially among young people in China, starting a RIO fever in Chinese pre-cocktail industry. After officially joining China Alcoholic Drinks Association (CADA) in 2010, RIO upgraded and improved its packaging and boosted sales through endorsement by Zhou Xun, a renowned 39-years-old Chinese actress in 2013. By 2014, RIO has managed to sell its products in more than 200 major cities in China. A year later, Yang yang and Guo Caijia, a renowned actor and an actress, respectively, became new spokespersons showing a free lifestyle of young adults.

Upholding the commitment to exploit and develop the market for cocktail drinks in China, a goal achieved in 2014 when its products covered all domestic market channels and created a new trend of soft drinks in China, RIO was strongly related to a bottle of daily soft drink which could be easily purchased in supermarkets or other stores rather than a hard liquor merely sold in a bar, upending Chinese people's impression towards cocktail and through which generated enormous profit for RIO. In 2018, a transition of RIO's marketing strategy took place when Zhou Dongyu was chosen as the only spokesperson. RIO redetermined its concept and reestablished its brand image as 'a constant and wordless companion when you drink alone' which became popular among young people and brought RIO to another pinnacle of pre-cocktail industry in China.

However, between the year 2018 and 2014, RIO encountered with a drastic downward trend in its sales because of myriads of underlying reasons, among which the marketing strategy of RIO demanded prompt modification and change. Before the transition of brand image in 2018, RIO gained a firm foothold in market mainly by means of intensive marketing activities, which contributed enormous exposure to RIO at its initial stage. With the help of massive advertisements and inundation

of marketing campaigns, the brand awareness of RIO was built within a short time, followed by a dramatic growth in its sales and the rapid expansion of consumer groups. The main characteristics of RIO's marketing were endorsements by famous people and omnipresent product placements in TV programs. Endorsements by diverse celebrities saw positive influences chiefly from bulks of fans, generating enormous profit at first. Nevertheless, multiple versions of endorsements by diverse celebrities with inconsistent and unrelated images confused potential customers and loyal buyers, resulting in an unclear and vague brand image. Moreover, since the celebrities who are chose by RIO did not cope well with its own brand image, people are less likely to find resonance while they are exposed to advertisements of RIO which are lack of harmony between the brand and its spokesperson.

Overwhelming product placements in TV dramas and reality shows which made contributions to sales initially became costly heavy burden of RIO and did not see high return as time passed by because of some audience who tend to ignore the products which only have exposure of 10 seconds or less while focusing on the content of TV shows. Furthermore, as more Chinese young people, the post-90s generation, seeking solitude in their after-work time and embracing an advocacy of slow-pace healthy lifestyle among the young, scenarios of party animal in TV where RIO appeared became less attractive and the audience started to feel allergy to overused placements. Noticing the side effect of high exposure by ubiquitous advertisements and the importance of the bond connecting spokesperson and the brand itself, RIO took actions to start afresh from three aspects: establishing clear and distinct brand image, leaving indelible impression on consumers through advertisements, and stimulating purchases by multiple intriguing marketing activities. The transition exerted profound impact on RIO Cocktail and served as a pivotal turning point of RIO, reserving its deteriorating reputation and high customer churn.

2. Literature Review

RIO's marketing strategies and the underlying reasons of its failure in early times are worth of study, with many Chinese scholars gaining insights into this issue and giving suggestions and advice to RIO's previous marketing failure.

Some studies indicated the threats RIO faces and drawbacks of RIO company. Zhao Lihong Hou Qingfeng pointed out that, the increasingly fierce competition in cocktail industry and the relatively low cost performance contributed to RIO's situation of sales decline and customer loss, which could be improved by setting lower price and changing target segmentations [1], with Liu Wei sharing the same stance and pinpointing the unsuitable price setting and distribution of product of RIO [2]. Jiang Jun also noted the intense competition not only among cocktail brands but also among wines and beers as Chinese people are more familiar with those beverages than cocktail [3]. Tang Hongda suggested that the dealer system of RIO was imperfect, resulting in inconsistency among dealers in different regions [4].

Many scholars stated the problems arising in RIO's marketing activities. Chen Yang indicated the obscure brand positioning of RIO, characterized by 'free' and 'ego', the characteristics that are difficult to define without a general standard. Besides, RIO's marketing was not efficient because of its eclectic coverage in all TV shows that are likely to intrigue young people, some of those only focused on the content of the TV program instead of any one of the product placements [5]. According to Tan Shuang, one of the drawbacks of inundated and bombing product placements is the less conversion rate of audience to purchasers as those who see the products show more interest in the TV drama itself rather than the transient product in the scene [6]. Meanwhile, Shi Yong and Gao Yu said, the product placements of RIO did not introduce its distinctiveness to the audience, leaving vague impression. They suggested that RIO should release public-service advertising to establish reputation in the long term [7].

RIO's advertisements also demand further improvements. Jia Lu thought that RIO did not utilize the resources offered by myriad TV channels and seemed dispensable in TV placement [8]. Zhang Jiaqi and Zhang Jingyun gave compliments to RIO's intensive advertisements for its performance in

initial stage and also stated the need to have more innovative inputs on marketing, one of RIO's improvements in recent years [9]. In line with the opinion of Zhang Jiaqi and Zhang Jingyun, Piao Yutong also saw the significance of creative concept of products and the special design of RIO's new-released products in 2019 onwards [10].

All of the abovementioned references put more emphasis on the failure of RIO and possible solutions from perspectives in 4P theory, while the followed pivotal transition in RIO's marketing activities lacks comprehensive research and the misleading impact of diverse spokespersons is scarcely studied. However, as a symbolic brand which has undergone zenith and slump, RIO's rebound after the momentous transition of marketing strategy is worth study and could set a splendid example for all the other companies suffering sales decline and customer churn. Furthermore, analysis of the transition and its underlying reasons is helpful in determining time for change and extrapolating subsequent effects afterwards and also provides feasible marketing strategies and methods as for a marketing transition. This research will study the transition of RIO's main focus in its marketing strategies in the last few years and the major subsequent influences on RIO and RIO's consumers through observation of RIO's advertisements and updates on its official website.

3. Results and Discussion

The transition of RIO's marketing strategy could be seen in many facets, three of which exert significant influence on RIO and its consumers. RIO's first step was to redetermine its brand image. In 2018, when RIO released its new product, Zhou Dongyu, a famous Chinese actress, became the only spokesperson of RIO Cocktail and many advertisements were released to the public. In terms of the content of advertisements, unlike RIO's early series of cocktail, catering for trend of parties and gatherings at night, newly-launched marketing campaigns of RIO put emphasis on users' feelings and needs and introduced its 'function' clearly: a quiet companion when people are drinking alone. In order to convey this message effectively and comprehensively, all of the advertisements released showed scenarios when people are more likely to enjoy solitude, for example, in a tranquil rainy day. Besides, new advertisements highlighted one of RIO's advantages which was hardly noticed and introduced in previous advertising attracting party animals, low-alcohol, benefiting people who want to avoid massive hangover and harm to health while enjoying a sense of slightly-drunk at the same time. Turning to spokesperson Zhou Dongyu, who is known as one of the 'Four Renowned Actresses of the Post-90s Generation' and just turned 26 in the year 2018, she falls into the target segmentation of RIO Cocktail. Apart from her age, she possesses a natural and peaceful personal image, in line with the scenarios RIO portrayed in advertisements.

After the brand image of RIO was established, RIO dug consumers' needs and demands and then impressed its target segmentation through context marketing, a marketing method which depicts usage scenarios in order to render the audience relate their daily life with the advertisements of a product so that people could easily understand the benefits they can be offered after the purchase and the product is likely to occur to potential buyers who are under similar situation to the one in the advertisements. Moreover, RIO's advertising is mainly released in forms of TVCs, equipped with professional film technology, thus providing an immersive experience for the audience who can feel the context more vividly and be left with more impression of the advertisement and the brand itself. As for the TVC that RIO released in 2018, RIO chose home as the filming venue, setting a relaxed tone for its usage scenario. Also, the advertisement elicited empathy among the young, as the post-90s generation putting more value on solitude and privacy, rendering home an undoubtedly most suitable place for them to drink a bottle of RIO after work. In that advertisement, RIO also showed its interpretation of hidden love of the young through Zhou Dongyu's acting skill, resonating with young girls who have fallen in love secretly. The TVC of RIO not only promoted and popularized new product but also created a considerate brand image that RIO understands the real needs of its consumers and is capable of providing a solution. Another advertisement that was exposed to the public in 2020 portrayed a different scene in a tranquil rainy day, where Zhou Dongyu sat alone on

the floor and listened to the rain with RIO on her hand. In the scenario, Zhou Dongyu's croon and the rainfall mingled while chimes jingling in the breeze, combined with high video quality, both the audio and visual enjoyment were satisfied in merely 30 seconds. RIO created an ambiance of peace and tranquility, so that to convey an image of young people who enjoy living alone. At the end of the 30-second advertisement, a word said by Zhou Dongyu was subtitled——'Now is the time when my life is only occupied by myself', encouraging potential consumers to drink RIO when they need an escape from their quotidian busy life and enjoy their moments of solitude.

Turning to the third aspect of RIO's transition in marketing strategy, it is the creative co-branding and other innovative marketing activities that stimulate people to make a purchase from time to time. The major characteristic of RIO's innovative marketing strategies is cross-industry, which means that RIO has the ability to discover the connection and bond between products in other fields and itself. In 2021, RIO cooperated with BaWang, a Chinese corporation whose main product is anti-hair loss shampoo, and launched a crafted and well-designed gift set. There was no salient connection between those two brands because of different spheres of business, however, RIO tailored its flavor and added a mixture of lemon and yellow ginger which is the major ingredient of Bangwang's shampoo and imprinted an illustration of a bald man on the external packing who grown lustrous black hair after opening the package. Noticing the universal phenomenon that alcohol and hair-loss symptom are almost ubiquitous in the daily life of all adults, RIO co-branded with the icon in anti-hair loss shampoo and designed the special gift set for the employees, possessing not only practicability but also creativity. The co-branding gift set introduced the distinctiveness and characteristics of both the brands, corresponding to demands and problems of the target group, thus attracted consumers effectively. Cooperating with Hero Pen, a well-known pen company in China, is one of RIO's representative cross-industry cases. The special limited edition of 'ink' cocktail rendered RIO a manifestation of a Chinese old saying 'One who is well educated always has ink in his belly'. RIO mixed the special cocktail using ingredients such as blueberries and blackcurrants in order to match the color of real ink, which provided the consumers with fresh flavor. The contrast formed between cocktail and ink intrigued curiosity of people that founded the success of this co-branding event. In addition to product itself, this activity merged RIO with traditional Chinese culture so that it is also culturally significant. This creative advertisement topped 11 million views in merely 3 days, and eventually found the breakthrough point of its own marketing campaign instead of inundating people with advertisements through all kinds of channels.

4. Conclusion

This research is based on the observation of advertisements and marketing activities which are released and held by RIO. Although RIO has made improvements and fine tuned its strategy from many aspects, the transition of RIO's marketing activities has mainly taken place in three facets: choosing a single spokesperson who shares the same quality and characteristic with brand image of RIO, leaving imprinted impression on consumers by designed content of advertisements namely context marketing, and attracting customers and stimulating purchase of consumers through frequent creative co-branding gift sets with corporations from different fields and industries. All of the abovementioned changes exert profound influence on consumers and RIO itself. The choice of an appropriate spokesperson, Zhou Dongyu, could effectively deliver the message and concept of RIO to its targeted group with the help of the spokesperson, as a strengthened bond forming between the spokesperson and the brand. Since Zhou Dongyu represents the post-90s generation, her endorsement can be attached with more credibility and trust from the consumers who are in the same generation of Zhou. Compared to multiple versions of advertisements by various celebrities, Zhou's version demonstrates RIO's new products with a consistency and introduces the benefits that RIO is able to offer, being centered around the relaxation demanded from the bottom of people's mind. By utilizing context marketing in advertisements, RIO deepens the impression of consumers. The advertising of RIO depicts the usage scenario accurately, thus people are likely to make a purchase when they

encounter to similar situation and scenario. Furthermore, as advertisements can offer audible and visual satisfaction at the same time, the audience can feel and imagine the way they would be satisfied, hence encouraging them to buy the product and testify their imagination themselves. Last but not least, innovative co-branding packages also lead to sales growth. By arousing people's curiosity, RIO could not only stimulate current consumers but also attracts more potential consumers who try RIO's products for the very first time.

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