

# Analyzing the Challenges of Traditional Marketing Concepts of Mengniu Groups in The Internet Era

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**Abstract.** With the development of the Internet, the number of Internet users in China is also increasing. People are paying more and more attention to the Internet has led to a massive change in the consumption pattern of customers in recent years. It is often said that "food is the key to success." However, in this era of the Internet, many food companies are still using traditional offline marketing, which makes many quality food companies gradually fade out of people's view in order to help some traditional food companies out of the dilemma. This paper stood in the perspective of marketing strategy, using the case study method on the Mengniu Group, a classic food enterprise case from the marketing concept and management strategy analysis. It is concluded that the traditional marketing concepts and management strategies of old food enterprises are outdated and lack precise brand positioning, perfect service management awareness, and a lack of global view and market insight during marketing management. In response to the above problems, the old food companies should insist on product innovation, update their marketing concepts and management strategies, and use online marketing tools reasonably.

**Keywords:** Case Study, Management Strategies, Food Companies, Marketing Concepts

## 1. Introduction

### 1.1 Research Background

According to Internet World Statistics (IWS) data, the number of global Internet users grew rapidly from 2000 to 2021. By the end of June 2021, the number of Internet users in China had reached 990 million, accounting for as much as 35.7% of the Asian population [1]. Such rapid growth and the vast number of Internet users have laid a solid transactional foundation for the development of Internet marketing. In recent years, online shopping has gradually become a popular trend. In order to comply with the changes in people's lifestyles, webcasting has become a mainstream way for companies to recommend products to consumers. Viewers can complete transactions simply by being in the live room. According to the data provided in the "Marketing Strategy Study of Mengniu Group in the Internet environment, the full scale of China's live e-commerce industry will reach about 961 billion yuan in 2020, accounting for 8.7% of China's e-tailing scale [2]. According to the data of the China Network Information Center, as of June 2020, the number of live e-commerce shows is about 10 million, the scale of live users reaches 309 million, and the number of viewers is about 50 billion [<http://www.cnnic.net.cn/>]. In the general environment of universal Internet coverage, Internet access has become indispensable to people's lives. Many social networks such as Weibo and WeChat have gradually replaced paper news like newspapers as the source of information for most people. In addition, visual commenting on social networks allows netizens to express their views and opinions on events at almost no cost, so more and more netizens are using comments. This trend has given rise to one hot story on the Internet. However, in today's Internet era, most companies take advantage of the popularity of Internet hotspots to promote their brands and products, which brings them a lot of traffic and attention. However, many Chinese food companies are still using traditional offline marketing, which makes quality food companies miss numerous opportunities to welcome the flow of products and eventually gradually fade out of people's view. For example, Mengniu Group's cash ratio level showed a gradual decline between 2014 and 2017, and the drop was significant, from 0.2567 in 2014 to 0.1789 in 2017, a decrease of about 30% [3]. The current liabilities of Mengniu Group have been increasing year by year, which is not a good sign for a food company. Today, the

traditional offline marketing model has not been able to meet most consumer groups, and the emerging online shopping has gradually become the mainstream of today's consumption mode. If food companies can fully use their products, prices and the difficulty of entry are generally low characteristics of online marketing that will attract a lot of public domain traffic.

## 1.2 Research Gap

In this Internet era, most old food companies are not developing smoothly due to the change in marketing model. According to research, food companies generally possess insufficient market development capabilities, significant differences in the quality of marketing personnel, and insufficient core brand competitiveness [4]. To survive and grow in the competitive environment, established domestic food companies actively explore innovative and effective marketing approaches, such as increasing advertising, but with little effect [5]. Many scholars have researched the above marketing problems and developed feasible solutions, such as clear control objectives and enhanced marketing management [6]. However, with the rapid development of society and the high popularity of the Internet, many food companies still use traditional marketing techniques, making them encounter many challenges in the new era. However, the solutions once arrived at by scholars are not optimal solutions in today's society. So, In today's society, the traditional marketing model of old food companies will encounter what kind of problems in this era of high popularity of the Internet? And what changes can they make?

## 1.3 Fill The Gap

This paper will use a case study to analyze the Mengniu Group. The aim is to answer the problems that the traditional marketing model of old food companies will encounter in this era of the highly popularized Internet and what changes they can make.

## 2. Case Description

Mengniu Group was established in 1999 in Hohhot, Inner Mongolia, as an old Chinese dairy company. With the advantages of reform and opening up and the rapid economic growth of the Inner Mongolia Autonomous Region, Mengniu Group has developed into a leading company in China's dairy industry in 20 years. In 2004, Mengniu Group was listed on the Hong Kong Stock Exchange, raising a total of 1.4 billion RMB [2]. The company's long-term goal is to expand its business worldwide and become a leader in the world dairy industry. The building of its product portfolio is a solid foundation for its development. The company's products include milk, yogurt, ice cream, powder, and cheese. It is also developing derivative categories, such as fresh milk and beverages, which have the potential for development [2].

Regarding the marketing research of Mengniu, including but not limited to the development of a new sales model of online sales, offline experience, and logistics and distribution has become a trend, the Internet e-commerce channel is gradually becoming a new way of consumption, using social networks to communicate with consumers instantly and participating in offline store activities, and companies need to integrate online and offline and use a combination of media strategies to avoid using a single media to achieve a comprehensive product marketing [7]. However, nowadays, with the high popularity of the Internet, users' consumption behavior and habits have changed, leading to more competitive pressure in the food market. Therefore, for Mengniu, the marketing tools cannot just use the traditional marketing strategy model but need a diverse marketing mix based on current consumer habits to achieve better brand communication results.

### **3. Analysis of The Problem**

#### **3.1 Marketing Concepts and Management Strategies**

The Internet era has brought a lot of development opportunities to food companies. Still, at the same time, it has also got certain obstacles to the development of traditional food companies. Mengniu's marketing concept lacks marketing concept and management awareness, and many deficiencies and defects in marketing executions. In particular, there is a lack of precise brand positioning, a single product style, incomplete service management awareness, and a lack of global view and market insight during marketing management. Today, Mengniu's brand image is not maintained in place, and marketing measures are implemented with limited effect. In the highly competitive food industry, the marketing dividend is short-lived, which will inevitably cause Mengniu to miss the opportunity for development and lose some of its long-term benefits [6].

#### **3.2 Scattered Marketing Communication**

Through marketing activities, food companies can effectively improve brand awareness and reputation, thus attracting consumers' attention to the brand and generating purchases, further developing consumers' adhesion to the brand, forming long-term purchases, and becoming loyal users of the brand in other words, attracting traffic [8]. The most widely known concept of the marketing communication model is "one market, one voice" [5]. However, in recent years, the communication of Mengniu Group's sub-brands has been based on its brand positioning, leading to fragmented marketing communication. As a result, Mengniu's parent brand image is aging, and marketing activities are lagging behind. As a result, Mengniu cannot promote efficiently, and consumers perceive the Mengniu Group brand as gradually low-end.

#### **3.3 Failure to Detect Changes in Customer Needs**

In the context of a diversified food market, maximize profits while rapidly expanding market share and growing the company's size in today's competitive society. Mengniu Group has invested heavily in production lines to improve production efficiency by centralizing production, thus achieving the goal of reducing production costs. However, with the development of society, people's living standard has also generally improved. In this trend, customers' demand for goods is also different from before. However, due to the enormous investment cost of Mengniu Group in production lines, it was unable to make timely changes according to the changing needs of consumers. As a result, some of Mengniu Group's products cannot keep pace with the changing needs of consumers. As a result, in today's competitive market environment, Mengniu produces products that do not meet the needs of consumers or are not made from the consumer's perspective [2].

### **4. Suggestions**

#### **4.1 Adhere to Product Innovation, Timely Update Marketing Concepts and Management Strategies**

With the development of the Internet, the food market is gradually diversifying, and offline sales have been steadily replaced by online shopping. The increasing complexity of the market environment has also brought more opportunities for developing the food industry and marketing tools. Food companies must insist on innovative products while maintaining product quality and always be prepared to do sufficient market research to adopt innovative and upgrading strategies according to people's consumption habits and needs to enhance brand influence and awareness [4]. For example, Mengniu Group, the leading dairy company in China, has a strong understanding and reputation in the minds of consumers after more than two decades of development. Therefore, Mengniu Group must insist on product innovation and quality control and enhance the company's

competitiveness while adapting to the ever-changing modern market to guarantee the company's development advantages as a leading dairy company today.

First, in the competitive food market, Mengniu needs to create or innovate a brand culture with characteristics such as adopting a strategy of continuous innovation and upgrading to enhance brand influence and awareness.

Secondly, Mengniu Group needs to be ready to do sufficient market research at all times, also for with the high popularity of the Internet, customers' consumption habits and consumption needs are diversified, and the traditional offline marketing strategy can no longer meet the contemporary consumer groups, so strengthening marketing control, making practical innovation and packaging rich design can help Mengniu to occupy the market quickly and meet the consumption needs of different consumer groups [9].

Finally, Mengniu Group should actively learn from the successful marketing experiences of other companies and be able to take the initiative to identify its corporate management problems while learning from the successful marketing management and control experiences of other companies. For example, improving the product packaging design step by step and optimizing the company's core product. This will enable Mengniu Group to adapt to modern marketing trends effectively and, simultaneously, bring into play the effectiveness and control value of corporate marketing control implementation strategies.

#### **4.2 Rational Use of Online Marketing Techniques**

With the rapid development of society, the way of marketing is also very different from the past because the traditional media in the past delivered information in a single mode, so most of the marketing in the past was through road signs, graffiti, or newspaper ads and other ways to force the brand and product information into the user. However, with the emergence of TV, cell phones, and tablet computers, the form of marketing has changed, the way of marketing communication has become more interactive and attractive, and the old way of forcing information delivery has been gradually eliminated. Based on the summary of the problems of Mengniu Group, the following analysis of marketing by leveraging the situation is proposed.

#### **4.3 Leverage Marketing**

Momentum marketing is about "momentum," so choosing momentum is the premise of momentum marketing. A good case of momentum marketing often has a network of hot events with a high degree of product fit. Then through a clever connection, connection strategy types are divided into three categories, phonetic transformation, modeling implantation, and feature connection. Phonetic change refers to using all or part of the Chinese characters of a brand name or feature to create sentences, deconstruct, and harmonize, thus creating a connection with the borrowed object. Shape implantation refers to the processing and implantation of the external form of the borrowed thing. Finally, feature connection refers to the connotation of the selected online event to reflect the product or brand characteristics. Eventually, the marketing information we want to convey is implanted in the hot events and then delivered to the target customers [7]. According to the "Analysis of e-commerce companies' marketing strategies," the authors of this paper selected 25 brands that made use of the hot event "Liu Xiang's retirement," such as VIVO, OPPO, and McDonald's and summarized and recorded the types of connection strategies used by each brand. The data shows that 13 brands used the "Liu Xiang" campaign. The data showed that 13 brands used phonetic shifts, 23 used stylized implants, 21 used feature connections, and at least 24 used two or more strategies at the same time [10].

According to Figure 1, among the 25 brands, stylization was the most used strategy. This indicating that stylization is relatively simple to implement, as long as the features of the borrowed vehicle are added to the graphic poster. For Mengniu Group, modeling implantation is also the most straightforward connection strategy to fit Mengniu's brand characteristics, taking the 2022 Beijing Winter Olympic Games as an example. The 2022 Beijing Winter Olympic Games is the hot event of

2022 in China and the world. The marketing of Mengniu as an old domestic milk company in the Winter Olympics is precious for reference. As there is a strong connection between milk and sports, Mengniu used modeling implants to bind the athletes to Mengniu to promote its brand image. According to Mengniu, "both milk and sports can bring health and joy to people," and the good physical quality and hard-working spirit of sports athletes give Mengniu a sunny, healthy, and positive brand image [7]. In the end, Mengniu's marketing campaign was a great success.

## 5. Conclusion

In this era of the highly popularized Internet, this paper analyzes and studies the current marketing concepts and management strategies of Mengniu Group by using a case study method, intending to come up with answers to the problems that the traditional marketing model of old food companies will encounter in this era of highly popularized Internet and what changes they can make. Firstly, Mengniu Group's marketing concept and management strategy are outdated, lacking precise brand positioning and perfect service management awareness, and lacking global view and market insight during marketing management. Secondly, Mengniu Group's marketing communication is too redundant and scattered, which makes it difficult for customers to focus their attention. Finally, in today's era of big data, Mengniu Group fails to detect the change in customers' shopping needs. In response to the above three problems, this paper finally puts forward the following suggestions for improvement by studying papers on sales strategies and marketing models of food companies in the era of big data. With the development of the Internet, the food market is gradually diversified, and Mengniu Group should insist on product innovation and timely update its marketing concept and management strategy. In addition, Mengniu Group should make reasonable use of online marketing tools, such as trend marketing, to promote its brand image.

In summary, the findings of this paper point out that in this era of the highly popularized Internet, the traditional marketing concepts and management strategies of old food companies are outdated and lack precise brand positioning and perfect service management awareness, and lack of global view and market insight during marketing management. In response to the above problems, old food companies should adhere to product innovation, timely update their marketing concepts and management strategies, and reasonably use online marketing tools. In this paper, we analyze the case of Mengniu Group in the context of the high popularity of the Internet and give suggestions to improve the marketing concepts and management strategies of similar old food companies. However, this article only analyzes the more representative case of Mengniu Group, so this paper's conclusions and research do not apply to some food companies entirely different from Mengniu Group. Future research suggests selecting more than or equal to five representative cases for analysis to derive a broader range of improvement recommendations. Finally, I hope the old food companies will update their marketing concepts and management strategies in time and do better in the future.

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