

Research on the Existing Problems and Optimization Strategies of Nayuki Brand Marketing

--Based on Brand Comparison with Luckin as an Example

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Abstract. In recent years, China's tea market has been developing continuously. Many local brands have continued to develop, but there is a high degree of industry concentration, and the development of a small number of enterprises is limited. We take Nayuki's tea as a typical example to analyze the marketing strategies of such enterprises. The problem. At the same time, as the leader of new-style tea brands, Luckin Coffee stands out in the fierce competition in the market. Its innovative marketing strategy can achieve new development and breakthroughs of the brand and bring benefits to more Chinese new-style tea companies. In order to inspire, so the improvement strategy of Nayuki's tea brand development can be drawn under comparison. This paper adopts the method of literature case study and comparative analysis. Through the analysis, some conclusions are drawn: Nayuki's tea has good product quality, but its marketing strategy is not perfect. Compared with the Ruixing coffee brand, it has a good marketing strategy. From this, it can be inspired that Nayuki's tea brand can improve its marketing strategy by expanding sales channels, reducing product prices, increasing product innovation, and strengthening brand co-branding effects.

Keywords: Problems; Optimization Strategies; Nayuki; Luckin Coffee; Brand Marketing.

1. Introduction

1.1 Research Background

As of 2020, China's tea drinks market has reached 113.6 billion yuan after two decades of development. After the epidemic, consumption rebounded, and China's tea drink brands continued to reclaim the sinking market overseas. China's tea drinks market is estimated to reach 340 billion yuan by 2025, as the industry is still experiencing a golden period of growth [1]. It is worth looking forward to the future of the tea drinks industry. However, two of its leading brands, HEYTEA and Nayuki, announced price reductions at the beginning of 2022, resulting in more intense competition in the market. As industry competition intensifies, a new round of brand shuffling in the tea drinks industry. It is anticipated that the downward exploration of leading brands will accelerate the market's sinking. In contrast, some mid-range brands will break upward, and low-end or small brands will accelerate their exit from the market.

Based on the mid-year results announcement by Nayuki on August 31, 2022, Nayuki's revenue in the first half of the year fell by 3.8% in comparison with the same period of the previous year. The company went from 2.126 billion yuan in the same period last year to 2.045 billion yuan in the first half of this year [2]. Since Nayuki was listed on the stock market, this is the first time the company has experienced a decline in revenue. As a result, if Nayuki wants to maintain its position as a leader in the tea drinks industry in the future, it must identify the problems in its marketing strategy and optimize it as soon as possible. In several ways, the successful turnaround of Luckin Coffee in the first quarter of 2022 will serve as a guideline for Nayuki's optimization efforts moving forward. Therefore, in this article, researchers will critically analyze Nayuki's marketing strategy using the

lens of 4Ps and STP, consider the successful marketing examples of Luckin Coffee and propose some optimization solutions in accordance with them.

1.2 Literature Review

Gain further understanding and marketing of the market theory industry by reading many tea market research materials. Studying the popularity of many new domestic tea drink markets in China is possible. As the research on the tea drink market becomes more and more in-depth, on this basis, based on many brand types of research on Chinese local marketing brands, it is revealed from a theoretical point of view that China's Local new-style tea products have grown rapidly. Still, local new-style tea brands flourished during this period. Research is still lacking.

Research shows that in recent years, the market share of China's tea beverage industry has been huge, and it has shown a steady growth trend. It is one of the most influential markets. However, there are also many problems in the development of the industry: the industry concentration is high, and it is becoming more and more difficult for small enterprises to survive; due to the impact of the Internet, online sales account for a high proportion, and online and offline tend to be integrated; customer consumption attitudes have changed, and the pursuit of The trend of personalization is gradually increasing; the marketing model of the tea industry has many traditional levels, which is not conducive to the transmission of information flow [3].

Su Yaqiong analyzed that: In view of the phenomenon of Internet red tea drinking in the new tea industry, people generally have a prejudice against Internet red tea. With the improvement of the national economic level, more and more people have begun to pay attention to a good consumption experience at the spiritual level. Net red tea was born under such a background. However, due to the low entry threshold for new tea products, many online red tea products have failed to pass the test, reducing consumers' expectations for online red tea. The new type of tea should not be a flash in the pan, and related companies should focus on the product and eliminate the prejudice in the minds of consumers [4].

Bao found that: We should focus on the research of small and medium-sized enterprises in the tea industry and find important measures for small enterprises to develop well in the industry according to their marketing strategies. By studying the whole process of its development and determining the implementation of the company's development strategy through time nodes, small and medium-sized enterprises in the tea industry should also be based on products. Only with good products can we establish our brand advantages and gain a foothold in the cruelly competitive industry [5].

Marketing strategy expert Tang Xingtong proposed that: R&D automation equipment in the tea industry can reduce operating costs, improve the consumer experience through digitalization, and help companies seek new business models and growth points [6].

1.3 Research Gap

In general, most previous research has focused on the marketing strategies of individual tea brands or the industry. Studies on comparing the marketing strategies of a tea drinks brand and a coffee brand to optimize the brand strategy are lacking in the main literature. During the two quarters of the first half of 2022, Nayuki's revenue fell for the first time since it was listed since the company's establishment. However, Luckin Coffee managed to "turn the loss into profit", with revenue of 3.299 billion yuan, an increase of 72.4% over the second quarter of 2021 [7]. Therefore, it makes sense to compare Nayuki's and Luckin Coffee's brand marketing strategies to optimize Nayuki's strategy.

1.4 Research Framework

According to the research content, there are five parts to this paper:

In the first part, background information and the significance of the research topic are presented. Second, several papers closely related to this paper are summarized, and the innovations of this paper are identified from previous literature. Lastly, a research framework is proposed to outline the paper's logical arrangement.

An introduction to the research methods used in this paper is presented in the second part, which includes a review of the literature, a case study methodology, and a comparative analysis methodology.

Part three begins with an analysis of Nayuki's current marketing strategy. As a next step, we will compare it with Luckin Coffee in order to identify the four existing weaknesses in Nayuki's marketing strategy and analyze the reasons behind them.

In the fourth part, based on the four problems of Nayuki's marketing strategy analyzed in the previous article, four aspects of sales channels, cost and price, new product launch, and cooperative co-branding are compared with Luckin Coffee to develop solutions and strategy optimization.

In part five, the paper's main conclusions are summarized. The paper's business value is then summarized, and if Nayuki can benefit from its research, other brands in the tea drinks industry may also benefit. The final section of this paper analyses some shortcomings of the study, such as its methodological limitations.

2. Method

2.1 Literature and Case Study Method

By consulting many domestic and foreign literature and materials to organize and learn from the content, take Nayuki's tea brand as a case. This paper will conduct all aspects of the product, price, marketing, and channel research to understand the brand through literature research on marketing status and extract the relevant theories related to marketing new Chinese beverages. And make a scientific analysis of it, analyze the current problems of Nayuki's tea brand marketing, and put forward a plan for brand optimization marketing strategy under the background of serious homogenization competition.

2.2 Comparative Analysis Method

Find the similarities and differences between the two brands by comparing the marketing strategies of "Nayuki's Tea" and "Luckin Coffee". This article will analyze the overall brand marketing strategy of the two brands in terms of sales channels, new product launches, co-branding, and cost price, analyze the problems existing in Nayuki's tea brand marketing strategy, and propose an optimization plan.

3. Result

3.1 Analysis of Nayuki's Tea Brand Marketing Strategy

With the continuous development of China's economy, the cultural level of consumer groups has been improved, and the choice of beverages has changed from the original pursuit of food and clothing and attention to price to the pursuit of health, cost performance, quality, brand and other factors [8]. Therefore, brand chain products such as Nayuki's tea are gradually being loved by consumers. Nayuki's tea used a high-quality tea base as a marketing memory point and pioneered sales in the form of tea and European bags. The combination of tea drinks made with high-quality tea as raw materials and low-oil and low-sugar European bags is the selling point. Tea, a soft European "bao" product, features for marketing. Nayuki's tea is mainly a high-end luxury new tea brand, and the price is in the middle and high level of new tea. Its business channels are mainly offline stores, supplemented by online stores. In real life, it has built exquisite stores to ensure customers who buy have space for daily leisure and entertainment. From the perspective of promotional activities, Nayuki's tea promotion is relatively small, and there are almost no discounts and discounts. The official Weibo accounts and official accounts for promotion and publicity are generally updated when new products are launched, and the number of publicity on other social platforms is relatively small.

3.2 Marketing Strategy Analysis of Luckin Coffee Brand

Luckin Coffee's marketing positioning is "good coffee everyone can afford to drink". It selects young white-collar workers and students who pursue convenience. The average sales price of coffee is about 15 yuan, and the highest price does not exceed Thirty yuan. To meet the high-end, terminal, and low-end consumers' demand for coffee, the customer group has the characteristics of pursuing high quality and low price. And it has many promotions. Customers can often use coupons to achieve a single-digit price for a cup of coffee. Using discount coupons and subsidy coupons to control the price of coffee within a relatively affordable price range improves the appeal to consumer groups. As the largest chain coffee brand in China, Luckin Coffee starts from its business model and is committed to providing a convenient and fast consumption environment to increase its market share [9]. In addition to using many promotion strategies, it uses the Internet sales model in a targeted manner. It uses the "APP + applet" model to develop its food delivery service platform and analyzes consumers' online consumption behavior to improve back-end supply chain problems. The market business models mainly include traditional coffee shops and small store models. The former has a larger store area, allowing customers to taste coffee directly in the store. The latter is to distribute the store on the first floor of the office building and the latter. It is convenient for workers to buy coffee.

3.3 Problems Existing in Nayuki's Tea Brand Marketing Strategy

Firstly, the marketing channels of Nayuki's tea brand are too single. Because the brand is too fixed for experiential consumption and neglects the brand's online channels, including the takeaway platform, the brand's publicity is not in place. In recent years, the number of surrounding areas of Nayuki has been decreasing yearly, and it has not paid much attention to the design and selection of products. Most of them are given as gifts for the opening of new stores. Therefore, the brand's cultural expression is not strong and is not attractive enough to consumers. Secondly, Nayuki's tea pays more attention to the quality of tea leaves, which leads to higher prices. In the case of increasingly fierce brand competition, the threshold of the tea industry is gradually lowered, and some products with high-cost performance have appeared. Therefore, under the background of such products, Nayuki's tea drinks price is too high, limiting people's consumption. Because the new type of tea is aimed at young people as the main consumer group, these groups pay more attention to the overall taste balance. In terms of new product development, Nayuki's tea products are updated slowly and lack creativity and vitality. In addition, it has not done enough to promote brand awareness and lacks the effect of celebrity endorsement and brand co-branding.

3.4 Comparing the Similarities and Differences between the Two Brands' Marketing Strategies

First, Luckin Coffee adopts a self-pickup small store model that is more efficient and intensive concerning store cost structure. It utilizes a highly intelligent store management system to manage its stores. The majority of the stores are located in offices and schools. While Nayuki primarily operates large stores dedicated to creating a third space and pursuing exquisite aesthetics in decorating. However, Nayuki has also recently opened several smaller PRO stores and is exploring the possibility of mechanical tea making to reduce the business's cost [10]. Secondly, both Luckin Coffee and Nayuki have developed their online ordering programs. But compared to Nayuki's system of giving 5 yuan off the first order and only a certain amount of coupons later as the membership level increases, Luckin Coffee's large coupon distribution system in the app is more attractive to customers and can achieve the goal of gathering a large number of consumers in a short period. For this reason, Luckin Coffee has rapidly increased brand awareness in just three years. The third point is that Luckin Coffee has had great success in the last two years in producing explosive funds. A lot of attention has been given to the new "Walden Ski Latte" and "Blue Velvet Sa Xue Latte" launched at the start of 2022, as well as the "Coconut Cloud Latte" launched in April with the Coconut brand. Although Nayuki launched some popular new products such as "Dominant Waxberry" and "Dominant Honey Peach" in the first half of 2022, their popularity did not explode.

3.5 Analyze the Cause of the Problem

The problem of higher store costs, as Nayuki has always aimed to create a space where consumers could experience the consumption of tea brands, so Nayuki has chosen a large space and a good location and hired many servers to ensure a high level of service. As a result, opening a store is impossible without incurring high operating costs. While building high-quality offline stores, the brand has neglected its online channels, including developing small programs, creating membership programs, and collaborating with takeout platforms. Furthermore, the current ready-made tea industry faces problems in terms of product output, such as low technical barriers, serious homogenization of products, and low persistence of popular products. These problems greatly hamper innovation. And compared to other brands like Luckin Coffee, Nayuki has relatively small cross-border cooperation. This has decreased the exposure and influence of the Nayuki brand. In recent years, the era of single brands is slowly fading, and cross-border marketing is becoming more prevalent [11].

4. Discussion

4.1 Sales Channel Optimization

Nayuki's tea should improve the network marketing platform and strengthen the sales of online channels and the platform's operation. Moreover, it should launch a complete membership system so that more potential consumer groups can register as Nayuki's tea members and receive product updates promptly. Relevant information, obtain the consumption benefits of related members, thereby improving fans' stickiness and loyalty to the brand and increasing the number of members repurchasing. In addition, based on the gradual increase in people's demand for takeaways, Nayuki's tea can add takeaway functions in developing its mini-programs. In addition, cooperate with other takeout platforms to guide consumers of takeout platforms to the mini-programs, providing more security and packaging. Full takeaway service. China's first- and second-tier new-style tea market has reached saturation, but there is still a lot of room for development in third- and fourth-tier cities and many potential consumer groups. Therefore, brands can enter these cities and form a large-scale development with other tea brands, form a layout supply chain, and strengthen the development of brands in cities that have not yet been developed.

4.2 Cost Price Optimization

Nayuki's tea should establish an accurate pricing mechanism to reduce some products' prices appropriately. Because the average price of the brand's products is above 25 yuan, which is at the upper-middle level, the brand should add more options and improve the pricing mechanism for product prices so as not to give the impression of being overpriced. Nayuki's tea should give each product a reason for pricing so that customers can fully understand the value of the product and can flexibly price competitive products in the market to gain a price advantage. In addition, it is necessary to launch low-priced products to gain access to more consumer markets. Brands may not use direct price reductions for promotion. Still, they need to introduce package combination discounts and full reductions to make customers feel the price is close to the people. Product price reduction can sometimes be understood as a brand adjustment to existing product positioning and sales methods to achieve market development [12]. Nayuki's tea brand can pursue a dynamic balance of profits by reducing prices and expanding the consumer group in the lower market, thereby consolidating market share.

4.3 New Product Launch Optimization

Enhancing product differentiation is the key to optimizing Nayuki's new product launches. A focus on improving the volume and speed of new product output does not address the fundamental problem of the ready-made tea industry, which has a low threshold, many brands and mixed products, serious homogenization, and other problems. Instead, it should focus on extracting the essence of what makes

the product different and unique. In order to achieve this, the brand must carry out further precise positioning, be close to its consumers and understand their needs. It can only stand out from the competition if it provides a unique product value. Secondly, as Nayuki's target market is young people, the product packaging can be more tailored to their preferences. Choosing simple but distinctive packaging, appealing advertising copy, etc., can quickly and accurately catch consumers' attention, particularly young ones. Furthermore, more efforts should be made to develop new types of solid tea drinks. As a result, the Nayuki brand can expand its online and offline markets, thereby enhancing its economic potential.

4.4 Co-branding Optimization

The digital economy has made cross-border cooperation a regular way for brands to increase brand awareness and reputation [13]. Nayuki should expand cross-border collaboration with popular IPs at the moment to increase visibility and exposure. A joint launch of "red fruit glazed drink" and "half summer bean cake" by Nayuki and the TV series IP "A Dream of Splendor" in July 2022 received a lot of praise from consumers. Consumers have spontaneously shared their purchases of Nayuki's products on various social media platforms. Cooperation across borders is proved to be effective and important in this case. It is important to ensure that co-branding is a good fit with the Nayuki brand to avoid a situation where co-branding isn't accepted and recognized by the public. Also, Nayuki can increase brand awareness by inviting celebrities or stars to endorse the brand. Luckin Coffee, for example, capitalized on the victory of Chinese skier Eileen Gu at the Winter Olympics to launch a wide range of customized products for Eileen Gu, which quickly sold out. The example of Luckin Coffee can also be followed by Nayuki, who can use the good public image of celebrities and the public influence of celebrities to promote the product and stimulate consumers to identify with it and purchase it.

5. Conclusion

5.1 Key Findings

Nayuki's tea has good product quality, but its marketing strategy is relatively backward. This manifested in relatively single marketing channels, lack of perfect online sales channels, slightly higher product prices and fewer promotional activities, insufficient publicity, and poor cultural expression of the brand. The strong performance is that the promotion and sales of its peripheral products are not in place. In contrast, the Luckin Coffee brand has a good marketing strategy. High-frequency promotional activities make the product lower in price and higher in cost-effectiveness. In addition, its Internet marketing model has entered a mature stage of development, combining online and offline. The sales model keeps the brand sales high. From this, it can be inspired that Nayuki's tea brand can increase its marketing volume by improving its marketing strategy. First, it should optimize sales channels and strengthen online channel sales and product operations. Second, optimize product prices through promotional activities and Formulate an accurate pricing mechanism to improve cost performance, increase options for brands, and achieve a dynamic balance of profits. Then increase product innovation, focus on improving the output speed of new products, unique design packaging, and advertising copy, and increase appeal to young consumer groups. Finally, strengthen the brand co-branding effect.

5.2 Research Significance

This paper will contribute to the development of the Nayuki brand. Using the results of this study, Nayuki can improve and optimize its marketing strategy to maintain its position in the market as a market leader. Furthermore, it references other Chinese tea drink brands to break through the situation and stay strong in the industry.

5.3 Limitations

Certainly, this study has some limitations. First, the use of primary data is lacking in this study. An analysis of comparative data and survey research methods were mainly used in this study. As a result of using secondary data, there may be some limitations in terms of relevance and timeliness. Secondly, this study only covers research results from the last three years, and the Chinese ready-made tea industry was still developing during this period. This study is still somewhat limited in time, so the reader should understand this. Furthermore, due to the limitation of professional knowledge, this study has some shortcomings in terms of describing and summarizing the research findings domestically and abroad and supplementing the arguments. Finally, this study is based on the authors' literature review and analysis. Despite all efforts to remain objective, the analysis remains somewhat subjective.

In future studies, questionnaires and interviews could be added to address the paper's lack of primary data. Also, it is possible to devote more time to the subject and consider how timeliness impacts study results more carefully. More expertise and relevant models can also enhance the paper's professionalism. In addition, the issue of objectivity in research and analysis will receive more attention.

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