

# Analysis on Marketing Strategy of New Style Tea Drinks-- Case Study of Cha Yan Yue Se

Yingfan Hao\*

School of Business, Macau University of Science and Technology, Macau, China

\*Corresponding author: 2009853lb011004@student.must.edu.mo

**Abstract.** In view of the vigorous development of China's new style tea beverage market, the market saturation has increased, and the competitiveness has become larger. Therefore, the way to seize the market share in the current market, brands are required to focus on differential development and highlight their own advantages. Based on the current development of the tea beverage market, this paper takes Cha Yan Yue Se as the object to make the research and analysis. Besides, the paper uses buzz marketing, 4C theory and other analysis methods to explore the marketing strategies that make the brand successful, and summarizes the current market trends, and proposes how to make full use of differentiated marketing in a saturated market environment to highlight the brand's own competitive advantages. It can provide reference for the development of Chinese new tea drinks.

**Keywords:** Differentiated marketing; new style tea drinks; Cha Yan Yue Se; social media; buzz marketing; 4C theory.

## 1. Introduction

As China's economy continues to grow, its national income and consumption have shown rapid growth. From 2013 to 2019, China's per capita disposable income and per capita consumer expenditure have been growing at a rate of around 9%. Although China's economic growth slowed down during the epidemic, it also promoted the rapid growth of China's food delivery industry unexpectedly.

With the growth of China's economic level and the improvement of the national living standard, the proportion of leisure and entertainment consumption has increased year by year. In recent years, the rise of the milk tea industry has attracted countless young consumers. It can also be said that the popularity of the milk tea industry is due to the love of young consumers. And because consumers are paying more attention to experiential consumption and prefer a healthy lifestyle, the emergence of new style tea drinks just meets consumer demand, which is one of the reasons why new style tea drinks became popular [1].

At the same time, a lot of tea brands have been born, such as Hey Tea, Cha Yan Yue Se, etc. However, during the market research found that consumers have more choices due to the emergence of many tea brands, so that not all tea brands can get the market share in the new market. Therefore, brands should take advantages of external opportunities to stand out from the saturated markets. Such as catching the rapidly development of new media on the Internet to overcome the serious product homogeneity, increasing the brand influential efforts.

This paper will show the research results in the following process. First, it will start with the development process of Cha Yan Yue Se, and then it will study the unique marketing strategies of Cha Yan Yue Se in the current tea market from the perspectives of 4C and buzz marketing, and then give the summary of these methods. In the last part, the paper will put forward practical suggestions on the existing or potential tea brands.

## 2. Analysis of the Market Environment of China's New Style Tea Drink

This part will analyze the development of Cha Yan Yue Se, through the analysis of the development process after it entered the new style tea beverage market, it's characteristics and the market environment of new style tea beverage under the COVID.

## 2.1 Background Introduction of Cha Yan Yue Se

Cha Yan Yue Se was founded in Changsha in 2013. With Chinese style as the main element, young people as the main customer group, and with the promotion of Chinese traditional tea culture as the main goal, it aims to create a Chinese tea brand popular with young people. At present, it has more than 200 direct stores in Changsha, realizing full coverage of the Changsha market. At the same time, it also has sub brands and online peripheral stores. Cha Yan Yue Se is also popular among young people because of its products with strong Chinese-chic style, store decoration. It is unique advertising copy.

## 2.2 Sales Data of Cha Yan Yue Se

As the leading brand in the regional market, the brand value of Cha Yan Yue Se continues to increase. In 2019, Cha Yan Yue Se announced that it had completed round a financing, and ranked sixth among the top ten Chinese tea brands in 2020, and third in 2021.

According to statistics, at present, the annual turnover of each offline store in Changsha is more than 800000 yuan, and there are 6 stores with a net profit of more than 1 million yuan, and the annual net profit of flagship stores is more than 2 million yuan.

## 2.3 The New Style Tea Beverage Market Under COVID-19

Statistics show that the market size of new style tea drinks in China in 2021 is 279.59 billion RMB. In 2022, 26.2% of Chinese consumers of new tea said that the consumption frequency will increase in the future, while only 14.7% of consumers said the consumption frequency will decrease. The demand of consumers will continue to rise, and the market scale of new style tea is expected to reach 374.93 billion RMB in 2025.

For young consumers, the new tea market has been booming in recent years due to time constraints, health concerns, diverse tastes and other characteristics. More milk tea brands have been transformed into tea brands. In addition, there are many new entrants in the market. As a result, the new tea market has become hot and the brand competitiveness has gradually increased.

Due to the impact of the epidemic, the operation of offline stores has been impacted, and the resistance to the development of new style tea drinks, especially in places such as Shanghai, Beijing and other places where the epidemic has repeatedly been severe, the impact was more significant, and some off-line stores have lost more than half of their turnover.

In order to seek new markets, new tea brands began to look for new business models. For example, Hey Tea explored the sinking market, launched sub brands with small area and black gold style decoration, and other brands launched other business type stores such as taverns and bookstores [2]. The same is true of tea beauty and color. Cha Yan Yue Se chose to devote itself to the "teahouse" business and build a teahouse with young social attributes.

## 3. The Analysis of Cha Yan Yue Se's Marketing Strategies

Based on the analysis of the tea beverage industry, the market competition has become increasingly fierce in recent years. Therefore, this part will analyze the marketing strategies of Cha Yan Yue Se. It is analyzed from two aspects: 4C marketing theory and buzz marketing base on social media.

### 3.1 Marketing Strategy Analysis based on 4C Theory

In 1990, Robert Lauterbourne put forward the 4C marketing theory corresponding to the 4P theory in the book 4P Retirement 4C Debut. Based on consumer demand, 4C marketing theory redefines the four key factors of brand marketing: customer, cost, convenience and communication. The biggest feature of 4C theory is that it is no longer dominated by traditional business operators but focuses on the needs of customers and seeks to establish a more active relationship between enterprises and customers [3, 4].

### **3.1.1 Accurately locate customer groups and meet consumer needs**

According to the White Paper on Consumption of New Style Tea, the consumers of new style tea are mainly young people. It can be seen from the portraits of consumers with pleasant tea colors that the post-90s group accounts for more than 50% of the consumers, and women are the main consumers. The common point of these consumers is that they have a good educational background and high income, so they have a high pursuit of food, health and appearance.

Therefore, in the era of marketing 3.0, Cha Yan Yue Se starts from customers, accurately grasp customer needs, and grasp the industry trend. At present, the homogeneity of tea brands is serious, while the tea color is bold in product innovation, integrating coffee and tea, highlighting its uniqueness in the industry, and creating a unique brand competitiveness. In addition, in order to achieve high-quality tea drinks with low fat and low sugar, Cha Yan Yue Se chooses to cooperate with global famous dairy brands to control the quality of tea from the source of tea factories, so as to meet the current young people's demand for health [4].

Besides, Cha Yan Yue Se attaches great importance to young people's understanding of culture and always aims to create a scene and find the resonance of consumers. From the brand trademark, a woman in ancient costume holding a fan, Cha Yan Yue Se has been building a Chinese style brand image, and has also launched a lot of Chinese-chic literature in its official mini program, creating its own Chinese style IP [5]. This strategy strengthens the social attributes of the brand, and become a social tool between food punch points and young people at one stroke. To some extent, it has also driven the development of Changsha's tourism.

### **3.1.2 Improve the total customer value and reduce customer costs**

Cha Yan Yue Se are typical regional marketing, and gradually become a symbol of Changsha. This phenomenon reduces the time cost of tourists and consumers when making purchase decisions. With Changsha as the core, it adopts the intensive market expansion strategy in the mainstream business circle to achieve the high-density network layout. It reduces the time cost of consumers to go out to buy milk tea and the cost of long-time queuing.

For consumers who are not convenient to travel to Changsha, the online flagship store of Cha Yan Yue Se launched a series of "self-made tea", which can let consumers make products with the same taste in the simplest way, reducing the physical cost of consumers.

Under the impact of online celebrity economy, milk tea's price rose rapidly. The average unit price of a cup of Cha Yan Yue Se is about 15~16 yuan, which has obvious price advantages and reduces consumers' money costs.

### **3.1.3 Improve the service system and provide customer convenience**

The goal of Cha Yan Yue Se is to 'make a cup of tea with temperature'. Therefore, in order to ensure the overall product quality, Cha Yan Yue Se adheres to the direct marketing mode. Serve consumers at a more professional level. As its own training system runs through all stores in the country, the employees of Cha Yan Yue Se integrate the corporate culture into themselves, so that consumers can experience the unique temperature of Cha Yan Yue Se in any offline store.

The official account of Cha Yan Yue Se has set up a dedicated consumer feedback area to form a complete after-sales system, strengthen two-way communication with consumers, and unintentionally cultivate consumers' brand loyalty.

### **3.1.4 Create the own image and deeply interact with consumers**

At present, Chinese-chic style is popular, and more young consumers will like to pursue China-Chic products. Therefore, Cha Yan Yue Se has also chosen to be in Chinese style. From the product names to the product logo, as well as the store design, they all reflect strong Chinese elements. It is also in line with the idea that tea beauty and color hope that Chinese tea culture will go to the world.

### **3.2 Buzz Marketing of Cha Yan Yue Se**

In the process of summarizing the marketing strategy of Cha Yan Yue Se, the following characteristics are summarized.

First, the buzz marketing of Cha Yan Yue Se focuses on social media platforms. With the development of social media, Cha Yan Yue Se frequently interacts with users on social platforms represented by Weibo, the Little Red Book and TikTok. Form effective word of mouth marketing. With KOL's forwarding and sharing on social media, more people will pay attention to and understand the beauty and color of tea, making it stand out among many tea brands.

At the same time, Cha Yan Yue Se makes full use of the virtual community theory to carry out word of mouth marketing and increase interaction with consumers. Virtual community theory refers to that users form a group with mutual feelings with other like-minded users on the Internet according to their own interests and hobbies. To some extent, Cha Yan Yue Se has created a virtual community for young people [6].

Cha Yan Yue Se makes full use of the communication function of WeChat official account to make the social platform an important channel for interaction between the brand itself and its consumers. Cha Yan Yue Se can accurately capture consumers' interests from the title, content or form of tweets, and each tweet can get consumers' comments and replies. Efficient interaction is an important strategy to effectively achieve word-of-mouth communication.

In addition, Cha Yan Yue Se chose to transfer the online community to offline. For example, the small teahouse recently opened for trial is to provide a relaxed and private social space for young people who also love tea. While increasing customer stickiness and customer loyalty, it can also make potential consumers become loyal consumers.

## **4. Discussion of the success of Cha Yan Yue Se**

Base on the analysis above, it can be seen that through the brand's unique technical and product advantages, Cha Yan Yue Se has formed a unique brand, a differentiated service and some high-quality personalized products, which is significantly different from its competitors. The paper will summarize and put forward the reasons and rules for the success of this marketing method in this part, hoping to bring practical reference to other brands in the new tea industry.

### **4.1 Follow the Trend of the Era and Accurately Grasp Consumer Demands**

Through the analysis, it can be seen that the reason that Cha Yan Yue Se has attracted the attention of many consumers is largely because it has found the future development trend of the current tea market. According to Meituan's analysis report on the new tea industry in 2021, one of the current trends in the tea beverage market is the combination of eastern style and the western style. Cha Yan Yue Se accurately seize the trend of the market, combine coffee with Chinese tea, and bring new experience to consumers.

For brands, they should be familiar with their brand positioning, and clear about their customer groups and their needs. Because the differentiation of each brand is different, the demand of consumers of the brand will also be different. Therefore, brands should give full play to their differentiation advantages in the process of operation to attract their own customers. As for Cha Yan Yue Se, its customers are young tea lovers who pay attention to a healthy lifestyle. Therefore, Cha Yan Yue Se provides consumers with value higher than cost in terms of product appearance, product taste and consumer experience. Only when the overall value of customers reaches the maximum, customers are willing to devote all costs. What the brand needs to do is to maximize the product value and achieve resonance between the enterprise and customers.

### **4.2 Launch Competitive Differentiated Competitive Products**

In terms of product strategy, other tea brands can also learn from the way of Cha Yan Yue Se to launch unique products in the market. Consumers will pay more attention to the product

characteristics of the brand. Therefore, for other tea brands, to create a unique product, they should focus on detailed consumer research from design ideas to market research to the final product positioning. Only products that conform to market trends and consumers' aesthetics can be based on the market. Instead of blindly following the trend [7].

### **4.3 Create a Meaningful Brand Culture**

In the value composition of contemporary enterprise products, the proportion of high-tech added value, brand or corporate culture added value and marketing added value in the value composition has increased significantly. Product value is not only reflected in technological innovation, but also in value innovation. At present, consumers buy more from the cultural connotation of the brand.

Cha Yan Yue Se has created its own exclusive brand IP, make full use of the cultural value of its brand to resonate with customers. Culture is the soft power of a brand, which can improve the brand's recognition in the market. The most successful brand strategy is to let customers want to publish the dynamic of the brand on their social platform. Therefore, on the choice of brand name and slogan, we can combine traditional culture to refine it, and make cultural positioning according to customer groups, establish our own brand cultural personality and cultural value, and establish a unique brand culture. Of course, in the initial stage of brand building, in addition to reflecting the enterprise value proposition, it is necessary to fully consider the needs and preferences of consumers, and then consumers will naturally become lifelong customers of the brand.

### **4.4 Take Full Advantage of Buzz Marketing**

The buzz marketing based on social media is built on the interpersonal network, so that information can be transmitted among the brand, KOL and customers. The seemingly simple model has the best marketing effect [8]. The new way of buzz marketing bases on social media requires the brand to focus on consumers, use big data and other analysis methods to accurately grasp the real needs of each consumer, and conduct efficient two-way interaction with them. When using buzz marketing method, brands should be aware of the advantages and disadvantages of the marketing strategy, so as to achieve the marketing purpose more efficiently.

#### **4.4.1 Positive impact of buzz marketing**

Brands that use buzz marketing must ensure that they have high-quality products and can attract consumers' attention [9]. As for Cha Yan Yue Se, its brand image of high quality and insistence on not joining has made it gain a lot of positive comments on the social platform. At the same time, Cha Yan Yue Se has made use of its good reputation to become the "Changsha business card" on the Internet. This kind of similar positive label has attracted the curiosity of consumers outside the region to a large extent.

#### **4.4.2 Negative impact of buzz marketing**

While using buzz marketing method, brands should avoid the impact of negative comments of the brand. In 2021, Cha Yan Yue Se was pointed out that a certain slogan had a tendency to insult women. Even though Cha Yan Yue Se apologized in time, it still could not resist the fermentation of public opinion. Netizens pointed out that brand's marketing should also grasp the boundary in response to the apology of Cha Yan Yue Se. When Cha Yan Yue Se apologized for the second time, the netizens not only did not forgive, but thought it was deliberate marketing.

By analyzing this phenomenon, consumers' complaints may originate from dissatisfaction in a shopping experience, causing a series of chain reactions [10]. When consumers are not satisfied with the service in the shopping, they will choose to spread the negative word of mouth related to the brand. When excessive negative word-of-mouth occurs, other consumers cannot correctly judge information, so a large number of consumers will be lost.

It can be seen that if the brand chooses to carry out word of mouth marketing, it is necessary to ensure the high quality of services and products before, during and after sales. Understand consumer psychology to the greatest extent and avoid the spread of a large number of negative comments.

## 5. Conclusion

In the era of fierce competition in the new style tea beverage market, the support of consumers is indispensable to stand out. At the same time, the brand should create a unique taste, good service and corporate culture. The rapid rise of new tea drinks has also brought risks to enterprise management. In order to become a good tea beverage brand, in addition to researching products, enterprises should start with services, pay attention to the added value of products, and then look for brand differentiation to increase brand recognition. So as to realize the brand value and promote the further development of the brand.

Cha Yan Yue Se conforms to the development trend of the current tea beverage market and has achieved great success in the new style tea beverage market with broad prospects. Through its marketing strategies, Cha Yan Yue Se defines its own advantages, broadens consumer expectations and demands, and stands out in the fierce competition in the tea market. Therefore, for other brands that have entered or want to enter this market, the best way to seize market share and attract consumers is to find out their own positioning, clear brand characteristics and recognize the current market trend and other methods mentioned before in the paper.

For the current tea market, the entry threshold is low and the market competitiveness is high. If a new brand plans to enter the market, it is necessary to follow the trend of the market, strengthen cultural innovation, grasp consumer psychology, try to make a unique market brand, and walk in the front of the market.

For the future development of the tea beverage industry, there are still many uncertain factors that will have a huge impact on the market that the paper didn't mention. The paper didn't control some other variables, such as consumer psychology, market factors and other potential related variables. Therefore, for the results, it is only of reference significance, and the brand cannot completely copy the strategies of Cha Yan Yue Se when designing the plan. Besides, the brand should also consider the risks of potential factors in the real time process and be prepared.

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