

STUDY ON CONSUMER BEHAVIORS AND MARKETING STRATEGIES IN YUNNAN TEA MARKET

CHAPTER 1

INTRODUCTION

1.1 Research Background

Since Shennong's discovery of its medicinal value, tea has developed from medicine, drink to tea products nowadays, and its previously Yunnan-centered planting also spread out all around to more than 10 provinces in China and scores of countries in the world. Data from Chinese Academy of Agricultural Sciences in 2016 shows that: there are about 470 million tea consumers in China, among which 260 million are in cities and 210 million in rural areas. The deep integration of tea industry and the Internet still lags behind other industries (Nakamoto, 2014). Presently, most B2C intermediary platforms on the Internet are quite simple; most tea wholesale trading markets across the country still adopt traditional means of transaction, while mid-high end tea is largely sold in tea-culture experiential teahouse and tea shops, branded tea specialty shops as well as famous cigarette, wine and tea stores catering to gift consumers. There are more than 70,000 small-scale tea business entities, while the most influential ones, such as China Tea, TenFu,

TaeTea, can only generate over one billion in annual sales, and there are no more than 100 billion-strong enterprises. As the world's largest tea enterprise, Lipton sees a global sales turnover of more than 20 billion, only 100 million of which came from China in 2016.

For China, the country that produces tea, tea is the main product of foreign economic transactions. The development of traditional civilization is also the inheritance of Chinese culture by the tea industry, so that the world can learn more about China. According to statistics, from January to August 2016, China's tea export volume reached 220,000 tons, a year-on-year increase of 16%. In recent years, the sales volume of tea in China has continuously increased. In order to expand the export trade of tea and increase the competitiveness of tea companies in market development, tea companies must study innovative marketing strategies. Therefore, tea companies must continue to innovate the tea marketing strategy in the market.

1.2 Research Objectives

As a proverb goes, "Famous tea grows in cloudy high mountains." Yunnan, with humid air, plentiful rainfall and mild spring-like climate, is high in latitude and enjoys weak-acid soil rich in organic fertilizer, which are all favorable conditions for growth of tea trees. In Bada District of Menghai County, a tea tree, 34 meters in height and 1.21 meters in diameter, boasts a history of 1700 odd years and is

honored as the “king of tea tree”. Based on existing information, there are 23 genera and 380 species of plants available worldwide for tea production. Yunnan tea enjoys high reputation at home and abroad for its superb color, smell, taste and shape as well as rich protein, amino acids, vitamins, caffeine, aromatic oil and other active ingredients. Yunnan tea is divided by 25 degrees north latitude into two varieties: first, large-leaf variety in the south, such as Mengku large-leaf tea, Fengqing large-leaf tea, Lvchun Mayu tea and Yunlongshan large-leaf tea; second, medium-and-small-leave variety mostly in the north, such as Kunming Shilixiang, Zhaotong Tai tea and Yiliang Baohong tea. Besides, Tea sales through e-commerce channels can reduce intermediate costs and prices, but will run into price wars, which, plus pre-stage investment and promotion costs, result in difficulties for over 90% of tea e-commerce retailers to make a profit (Jiang, 2014). To take Taobao platform for example, the unit price of tea, mainly mid-low end products, was between 60 and 180 yuan in 2016, and saw a huge gap with the single user consumption of 300 to 500 yuan in physical stores. Reasons, such as the fact that consumers of mid-high tea tend to sample it before purchase, are also restricting the expansion of tea e-business market.

In addition, this article discusses the innovation strategy of tea enterprise marketing, and further analyzes the marketing strategy of tea market in China from the characteristics of tea and the development of

the market, so as to provide an effective method for improving the healthy development of China's industrial market. Countermeasures.

1.3 Research Significance

Tea, as the most widely consumed drink in life, is popular among the public, and the tea market has always been quite vigorous. Tea is considered as one of the most popular beverages across the globe. The consumption of tea is a daily practice to heighten calm alertness. The increasing demand for hot beverages is anticipated to boost the demand for tea in the forecast period. The growing awareness regarding the benefits of consuming tea, economic advantages, and the presence of flavonoid antioxidant content in tea are some of the key factors that are anticipated to cause a surge in the growth of the global tea market throughout the forecast period. Problems confronting the sustainable development of China's tea industry include: overcapacity, quality and safety of tea products, environmental safety, low exports and consumption, etc. In the face of these problems, it is necessary to boost structural adjustment of tea products, introduce the concept and processing technology of food industry, and create more new tea products. To achieve transformation and upgrading of the tea industry, the product structure should be properly adjusted in accordance with the market, conduct vigorous publicity and promotion, bolster consumption, fit tea industry into other industries like health, leisure, culture, tourism and

food, and expand the scope of tea industry.

Currently, the major problems of Yunnan tea enterprises are: “small but all-inclusive”, vicious competition, low prices, poor quality and so on. Competitions in the tea market are manifested in a variety of aspects, such as economic strength, marketing capability, talent, technology, operation and management. In reality, the market is awaiting large enterprises with superb tea brands, standardized production (cultivation, plucking, processing, packaging, etc.) and complete industrial ecological chains (tea growers, processing plants, consumers). The chief problem existing in the standardization of tea lies in the backward concept and scant attention; problems in the standardization of processing primarily arise in processing plants, techniques, facilities and management. In this regard, we should develop and improve tea processing technical regulations, tea processing machinery standards, tea production-line standards, and tea processing plant standards; and strengthen implementation and supervision of tea processing standard. The general development situation of tea deep processing industry in China is as follow: After being abstracted, concentrated, separated and purified into tea polyphenol, tea resources can be turned into natural medicine, healthy food and daily-use chemicals via function development and application research, thereby attaining the tertiary superposition from traditional agriculture, modern high-tech industries to modern health care

industry.

It follows from the above analysis that Yunnan tea industry is now facing an industrial transformation from producing low-quality tea to producing high-quality, high value-added tea products. To achieve progress of their brands in this process, China's tea enterprises must delve into the status quo of China's tea industry, continuously improve some problems in themselves, and develop complete development plans, so as to remain invincible in future tea market.

1.4 Theoretical Framework

The research contents of this thesis are primarily divided into six parts:

Chapter 1 Introduction: a brief description of the background, significance, research contents and methods of this thesis. Yunnan tea market has a huge impact on tea market in Yunnan Province. The status of Yunnan tea market is just like the barometer of the status of tea market in Yunnan Province. Being very important, Yunnan tea market is also of typicality and research value. This thesis aims to study factors influencing the behavior of tea consumers, and conducts a systematic analysis on those factors.

Chapter 2 Literature Review of Relevant Studies at Home and Abroad: it first introduces relevant definitions like the consumption theory, influencing factors and model of consumer behavior, then presents

the research status quo of consumer behavior at abroad and home respectively, and finally related studies on tea consumption theory and tea industry economy.

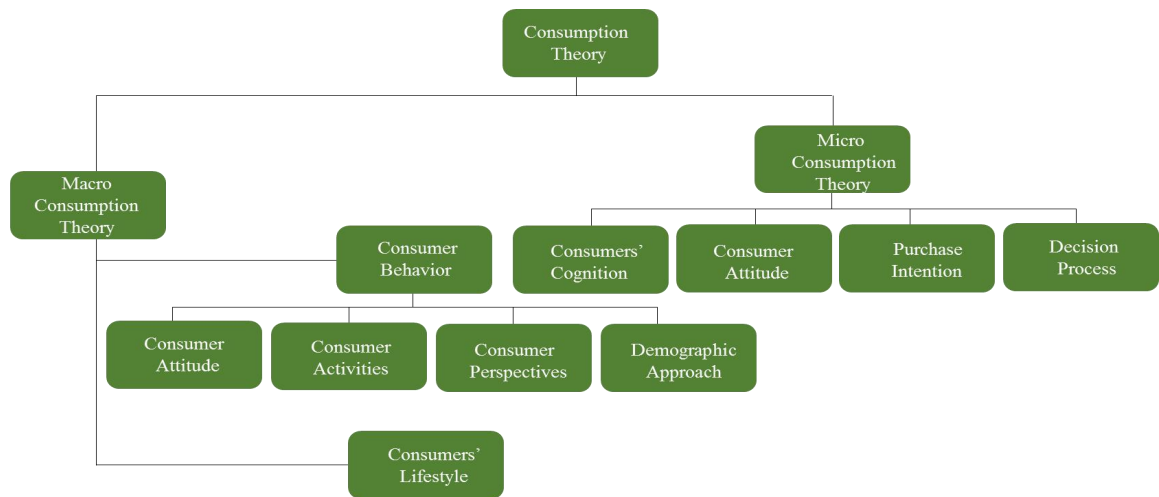
Chapter 3 Analysis of the Characteristics of Consumer Behavior in Yunnan Tea Industry: this is a questionnaire-based horizontal analysis, which covers the impact of factors like age, gender, resident income on tea consumption, and characteristics like categories and demands of residents' tea consumption, including the tea consumption level in Yunnan, tea yield and purchasing power, the impact of population on tea consumption.

Chapter 4 Analysis of the Characteristics and Influencing Factors of Consumption in Yunnan Tea Market: an elastic analysis of economic factors affecting Yunnan tea consumption, which include price elasticity of demand, income elasticity and price elasticity of supply of tea in Yunnan market.

Chapter 5 Analysis of the Marketing Strategies in Yunnan Tea Market: Based on the study of intrinsic characteristics and laws of tea consumer behaviors of Yunnan residents, this part discusses the marketing strategies in Yunnan tea market from the perspectives of market segmentation, product structure, price positioning, promotion methods, brand establishment and green marketing.

Chapter 6 Research Conclusions and Future Prospects

Figure 1 Theoretical Framework of this thesis



1.5 Operationalization of Concepts

Consumer behavior refers to the various reactions and activities that consumers take when they obtain goods or services they need by money, credit or other means, including the interactions between perception, cognition, behavior and environmental factors. In developing marketing strategies, enterprises should seriously study the real needs of consumers, so as to satisfy consumers' demand, quickly capture the market with their products, and scale up themselves. Consumer behavior is an action with specific significance, which is carried out in a certain social environment and economic conditions (Lu, 2012). A variety of factors have an impact on consumer behavior, and will promote or restrict its progress. Therefore, consumer behavior is influenced by various factors, which are mainly individual characteristics of consumers: gender, age, occupation, education level; internal and external attributes of product, such as product quality, value, structure, packaging, name,

trademark and price; social and economic factors such as social and political conditions, social atmosphere, customs and habits, social income level and social consumption level; market environment such as market structure, sales service, operation mode, and advertising means.

