

CHAPTER 5

ANALYSIS OF MARKETING STRATEGIES IN YUNNAN TEA MARKET

5.1 Product Strategies

Product strategy is defined as the road map of a product. This road map outlines the end-to-end vision of the product, particulars on achieving the product strategy and the big picture context in terms of what the product will become. Companies utilise the product strategy in strategic planning and marketing to identify the direction of the company's activities. The product strategy is composed of a variety of sequential process in order for the vision to be effectively achieved. The company must be clear in terms of the target market of the product in order for them to plan the activities needed in order to reach the destination and to achieve its goals. (Xu, 2007) .

As for product, the most important thing is to ensure the quality of tea products. Quality is life, so without good quality, any product or business will fail to survive for long in the market. To keep pace with international standards and create international brands, China's product quality standards must be strict and advance with the times, especially for tea products. Product and industry can be standardized and qualified only by raising people's awareness of standard.

On the one hand, the quality of tea leaves must be guaranteed

from the source, that is, technical guidelines should be put in place strictly in cultivation, conservation, plucking, production and packaging. We should strengthen knowledge training of tea growers, and develop related system of regular tracking of technical staff and guidance upon growers' tea cultivation and management. On the basis of inheriting the outstanding, unique traditional techniques, we should also boost improvement and innovation in techniques.

On the other hand, we should attach importance to broadening product line, and value the depth, length and width of products. In previous parts, we have analyzed that tea is of great economic value, cultural, ornamental and social significance, and other vital, exploitable values. In terms of economic significance, we must strengthen scientific research foundation, carry out finishing and in-depth development of tea leaves that can be made into a wide variety of tea drinks, tea food, tea health products, and tea artwork, which have significantly enhanced the development value of tea leaves. As far as cultural and ornamental significance are concerned, we can vigorously develop artistic and business activities like tea plantation exposition and tourism based on tea products and tea plantations, and strengthen exploitation of tea culture and tea tourism. Third, to refine tea products. In order to avoid low tea quality, single product variety and product homogenization, tea market can be further segment tea market based on age structure, gender

structure, cultural level, and occupational classification, for example: try beauty tea for women, introduce health tea to the elderly, and launch market tea for young people. Therefore, the added value of tea can be developed, and its intrinsic value has also been greatly enhanced. Of course, the implementation of these methods is based on and guaranteed by the standardization and improvement of quality standards throughout the industry, the enhancement of practical application of technical standards and technologies, the promotion of operation and management, the perfection and support of national policies and regulations.

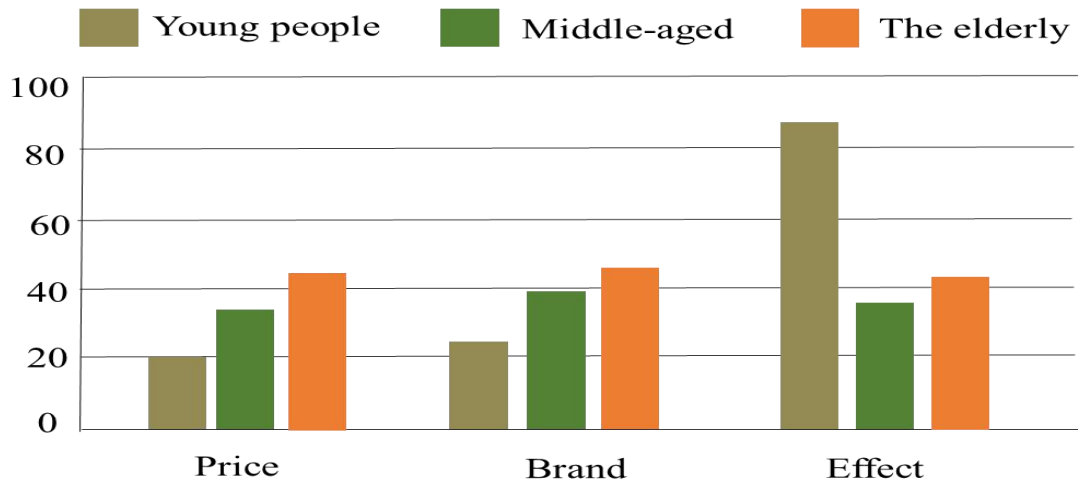
5.2 Price Strategies

Since the ups and downs of tea price in the 1980s, it is now still unpredictable. Due to the lack of uniform national standards, confusion in grades of high-quality tea, and blurred prices, ex-factory price and wholesale price for master distributors remain quite stable, while the retail price for consumers is usually casually set to extraordinarily high or fails to match the product quality, so consumers cannot judge the true value and price of tea commodities. As a result, to undermine the ambiguity in tea price and maintain the integrity and pricing transparency serves as an important way to further explore the potential of tea market.

As for price, pricing strategy can be segmented according to the market. It follows that this has reflected the non-standardization of our tea industry. Chaotic prices not only fail to develop the value and

significance of tea, but also harm the benefits of businesses, and more importantly, undermine the interests of growers and ultimately devastate their initiatives. In the long run, this is detrimental to the development of local agricultural economy and market. At present, many tea growers in Yunnan Province prefer to abandon tea plantations and are not willing to plant tea and manage tea farms anymore, which has said to be said to be an enormous waste of resources. The survey shows that consumers of different age groups have different levels of consumption. Therefore, businesses should adopt flexible and different tea pricing strategies. For example, the consumption level of the elderly consumers is the lowest, so for them, businesses should hold a bulk-cheap strategy, the tea price should not be too high, and discounts can be provided if necessary. The design mode of “mid-low end as the principal, supplemented by mid-high end” can be adopted to meet consumer needs of the elderly. The consumer psychology of young and middle-aged people is to require novelty and fun and pay less attention to price, especially for male consumers who value tea brand much and female consumers who regard effects of tea as important. Accordingly, businesses can launch tea with specific effects for female-targeted market, such as beauty tea and slimming tea.

Figure 25 Structural Analysis Chart of Preferences of Different Groups in Survey Samples



At the same time, you can also carry out pricing strategies based on the product itself. High-end tea consumer groups are relatively fixed, a large proportion of gift gifts, the price elasticity of small, so higher pricing, in order to maintain the precious image of tea. Bulk tea in the low-end products are mass consumer goods, the price elasticity of large, should adhere to the puerile, take the amount of the principle of pricing, the pursuit of mass-scale economies of scale. Strengthen the sales channels and terminal price management and supervision, the implementation of the wholesale price of tea merchandise, retail guidance, encourage and guide distributors to follow the industry price rules. To avoid the abnormally high prices that hurt the interests of consumers and reduce shipments, or low-priced zero-crossing, cross-border stock prices caused by the chaos of the price, brand image damage. Since the mid-century the tea production and marketing policy liberalization, enterprises have full price autonomy, tea

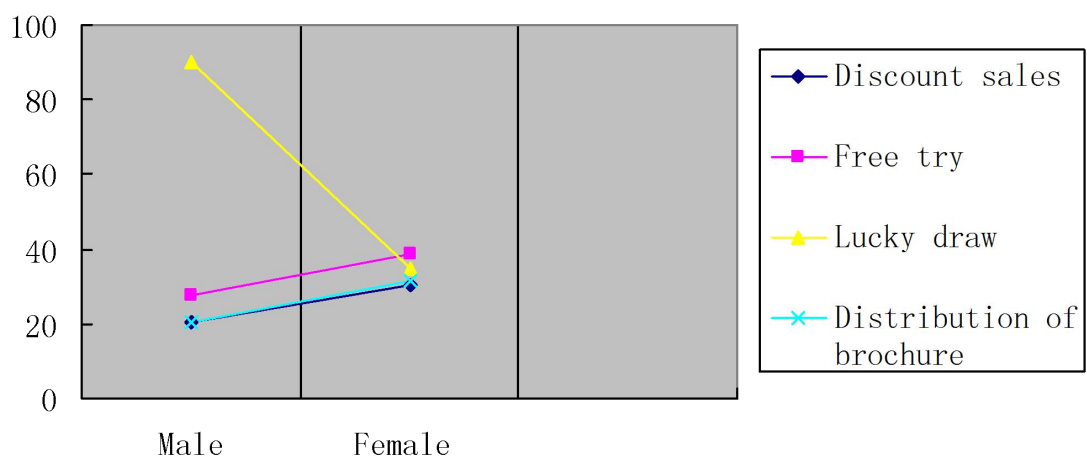
5.3 Promotion Strategies

In marketing, promotion refers to any type of marketing communication used to inform or persuade target audiences of the relative merits of a product, service, brand or issue. The aim of promotion is to increase awareness, create interest, generate sales or create brand loyalty. It is one of the basic elements of the market mix, which includes the four P's: price, product, promotion, and place (Rajagopal , 2007).

Reasonable media types play a crucial role in product promotion. The survey shows that most consumers acquire tea consumption information from TV and the network. Different marketing strategies should be adopted for different consumers. Some consumers purchase tea after friends' recommendation, so businesses should pay attention to the impact of word of mouth. Young consumers spend most of their time online, so they get more information from the Internet. For this group of consumers, businesses can adopt marketing means to explore the potential of online marketing through market promotion. For the elderly consumers, businesses should choose influential magazines and television channels for publicity, for these consumers are in contact with the media above most of the time, which can help the elderly consumers to make choice. The most commonly promotion means include the following three types: 1. Adding price-based value, including discounts and markdowns, coupons, cashback (such as accumulated rebates), and the improvement

of payment conditions. 2. Adding product-based value, including free samples, diversified portfolios and diversified purchases (such as discounted price for product portfolio), increasing product quantity, etc. 3. Tangible value-added promotion, including rewards (such as prize for uncapping), coupons, etc. Based on conversations with consumers during the investigation and survey results, the following strategies are put forward for promotion of tea products:

Figure 26 Chart of Promotion Strategies Chosen by Survey Samples in Different Genders



1. Free try strategy. Free try is the most effective food promotion method. It refers to raising consumers' recognition of promotion and facilitating purchases by allowing them to try products for free. Nowadays, free try, as a promotion strategy, has been increasingly perceived and widely used by those insightful businesses and brands, and is creating objective profits not only in the field of digital economy but

also traditional physical market. The means of launching free try include direct home delivery, outdoor sample distribution, gift dispatch by voucher, etc.

2. Prize-winning promotion strategy. Prize-winning promotion, as a promotion strategy, is often employed by enterprises. It makes use of consumers' psychology of pursuing incentives and hoping for winning cash, prizes or products through drawing raffle, and can strengthen consumers' desire to buy a certain product and achieve the purpose of product sales. At present, prize-winning promotion strategy is widely employed, and has achieved favorable promotion results..

3. Distribution of tea-drinking brochure. The survey also shows that consumers are more inclined to the distribution of tea-drinking brochure, indicating that their consumer awareness is gradually rising, and hope to learn more knowledge about tea through some channels. These consumer groups have also become consumers with great potential in Yunnan tea market.

5.4 Cultural Strategies

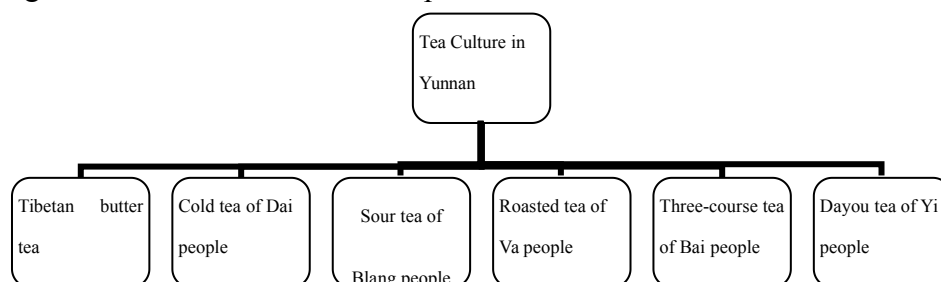
Tea culture, originated in China, means the cultural characteristics formed during tea drinking activities, including tea ceremony, tea morality, tea spirit, tea couplets, tea books, tea sets, tea paintings, tea studies, tea stories, tea arts and so on. China is the hometown of tea. It is said that Han people started to drink tea since the

Shennong era more than 4,700 years ago. Until now, Chinese Han compatriots still have the custom of serving tea for etiquette. Han people's preparation of tea is varied: Xundou tea in Taihu, flavored tea in Suzhou, ginger salt tea in Hunan, Gaiwan tea in Chengdu, Dongding tea in Taiwan, Longjing tea in Hangzhou, Oolong tea in Fujian, etc (Zhao, 2013).

People from more than 100 countries and regions around the world love drinking tea. Tea culture varies from nation to nation. China's tea culture reflects the long-standing civilization and etiquette of the Chinese nation. The culture of tea, which is one of the carriers of Chinese culture, should be highlighted in the selling process. Pu'er tea in Yunnan was an exemplar in cultural marketing, and caravan carrying tea to Beijing and the mothering visit of Pu'er tea in the Forbidden City have achieved favorable commercial results. Yunnan tea sales should also focus on cultural marketing, so tea companies should fully explore the cultural connotation of tea. Enterprises can hold tea-tasting, tea-fight cultural festivals, tea shows, tea knowledge contests and many other cultural activities that reflect the tea culture in Yunnan. Meanwhile, they can develop tea culture tourism, which is a new eco-tourism mode. Tea is not only the primary source of economic income of ethnic tea farmers in Yunnan Province, but also an indispensable living material in life. Based on the living environment and background, ethnic customs, religious

beliefs and other factors, tea custom and culture of different styles have taken shape, such as Tibetan butter tea, cold tea of Dai people, sour tea of Blang people, roasted tea of Va people, three-course tea of Bai people, dayou tea of Yi people and the like. The tea culture eco-tourism in Yunnan is rich in contents and profound in connotations. Different social, economic and cultural development stages of the 26 ethnic groups in Yunnan are different, reflecting the varied epochal characters of tea culture. At the same time, this dynamic process has also extracted, disseminated and developed the essence of tea culture.

Figure 27 Chart of Ethnic Groups' Cultural Tea Branches in Yunnan

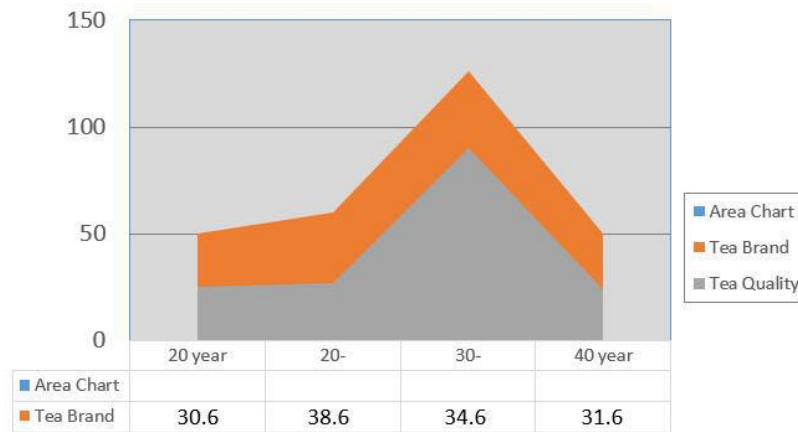


5.5 Brand Strategies

In the great tide of industrial upgrading in China, the tea industry's transformation from wholesale market type to mall experiential type is not only an inevitable change of industry reform, but also turns out to be an antidote for filling the gaps in the market and improving tea business brands. Brand is the business name given by businesses to their own products, which is of great value. Brand building can offer the goods with a higher visibility, make connections with consumers, and develop consumers with brand loyalty (Cai, 2007). For example, when young

consumers are buying products, they will not consider other factors too much, but buy at their will so long as the brand is good, whereas middle-aged consumers are more impressed with and trust the products and brands they have used, and then become loyal consumers of the brand. Therefore, brand building is essential to the business, which is an urgent problem to be resolved by Yunnan tea market.

Figure 28 Curve Chart of Age and Tea Choice of Survey Samples



Area Chart Tea Quality/Brand

Brand marketing must attach importance to the establishment and dissemination of the core image of differentiated tea industry brands, hence forming the brand competitiveness of marketing. In terms of Yunnan Province, the positioning of tea enterprises should aim at mid-high end gift tea and low-end tea for personal demand, so enterprises should adjust and optimize their product structure based on such positioning. Meanwhile, in the light of the marketing characteristics of fast-moving consumer goods, enterprises must strengthen market research

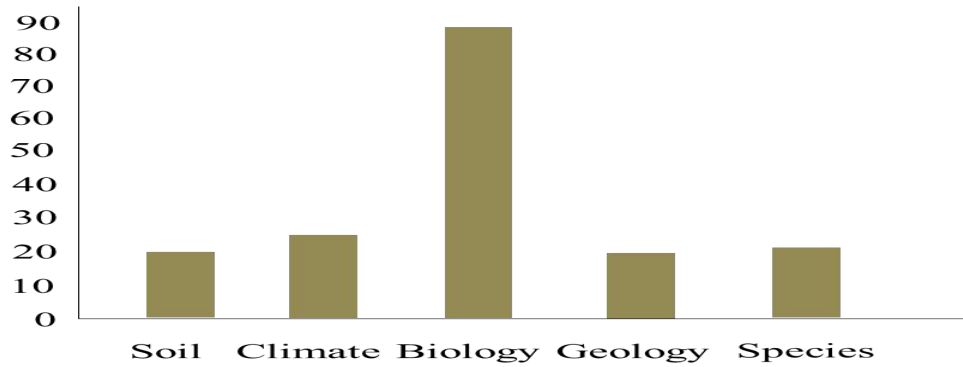
and product research and development, form brand competitiveness through product differentiation, and maintain the innovation and extension of tea product line; introduce new products from aspects like raw materials, processing technology and equipment to meet the consumer demand of segmented market, and deeply expand the market space of branded tea products. In addition, from the angle of product packaging, as demand for tea consumption is dynamically changing, research and development of tea packaging should also keep pace with the times. It needs to be scientific, economical, normative, brand-oriented, decorative and environmental-friendly, and keeps differentiated technological innovations. Packaged tea boast large appreciation space, strong profitability, and vigorous consumer demand, so the development trends of personalized, artistic, engineering and scale-up tea packaging should be followed, and businesses should continuously launch series packaged tea that conforms to trend of the times and meets market demand, explore and grasp greater market opportunities.

5.6 Ecological Marketing Strategies

With the establishment of the long-term mechanism “eight-point code” by the Central Government, the marketing mode dependent on gift giving, public-funded group purchases and benefits from public organs and institutions have come to a dead end, and is replaced by the new marketing mode based on online and experiential marketing. Currently,

the most urgent task of professional tea market and tea merchants is to reconstruct marketing channels, so that tea can return back to its original position as one of people's daily necessities. Besides, the branding and standardization of tea industry also await solution. Ecological marketing is a new strategy for sustainable development. Ecological marketing refers to the product pricing, promotion, distribution planning and implementation process in which enterprises pay attention to protection of the ecological environment, and promote coordinated development of economy and ecology, thereby ensuring sustainable operation of enterprises and realizing the unity of their benefits, consumers' interests and ecological interests (Zhang, 2014). There are good mountains, waters in the main producing areas of tea in Yunnan. Such a superb ecological environment is a unique resource endowment for the development of tea industry. Plus all-round factors such as climate, soil, biology, geography and tea tree varieties, the unique, non-copyable style of Pu'er tea was thus formed, and the same goes for famous mountains and tea here, which is exactly the advantage of Yunnan tea.

Figure 29 Chart of Components of the Ecological Yunnan Tea

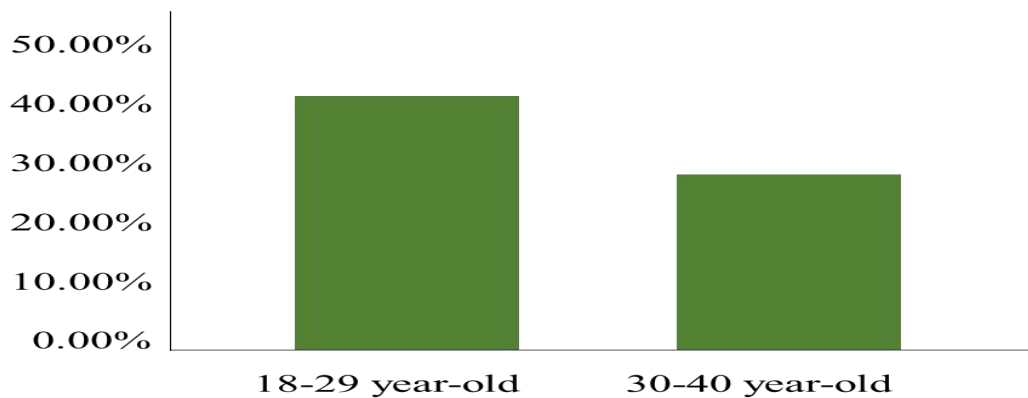


Therefore, following the green, environment-friendly principle in each section will be the final destination of tea marketing.

5.7 Internet +Marketing Strategy

With the development of Internet + strategy, it becomes a new trend for e-business to purchase and sell tea. Compared with the fact that the traditional broad-sense mass media is undergoing the impact of dissemination fragmentation, the commercial value of industry media or industry information services is extending in multiple directions. Tea E-Commerce Micro-Report 2015 points out that more and more young people are now drinking tea. Data shows that 2015 “11.11 shopping festival” witnessed a substantial increase in visibility of tea than the same period in 2014: the total page views was about 25.22 million, which rose 92.94% from a year earlier. Consumers aged 18-29 accounted for 43.25%, while consumers aged 30-40 for 18.32%, and the two accounted together for 61.57%.

Figure 30 Chart of Proportion of Consumers at Different Ages in “11.11 Shopping Festival” in 2015



Tea Consumption

The total output value of tea in China, though insignificant, cannot be neglected, and e-commercialization of tea is bound to bring several changes as follows: First, the price transparency of tea will become a general trend, in that people can find out which business can earn the greatest profits at a glance when they compare prices on their mobile. Second, confusion in tea quality. Once businesses enter the competition of cheaper prices, ordinary buyers can thus hardly clearly discern the quality behind tea products. Third, the lack of supervision over tea. Most regular branded tea manufacturers have indicators of detection like pesticide residues, but after e-commercialization, it becomes difficult for authorities to place supervision and for the general public to identify indicators of tea quality. Yunnan has a lot of resources vertical to the industry, while there are also quite many enterprises that are running Internet upgrading, so if tea enterprises are to carry out Internet marketing successfully, they must also concentrate their efforts in public relations activities and customer service. Due to the

authoritativeness and universality of news media, introducing enterprises and products in new media can not only save advertising costs, but also achieve more effective publicity than sole advertising. Tea enterprises can also quickly and timely collect information from, communicate with, and answer questions from consumers in real time through e-bulletin boards, online discussions and E-mail, hence achieving follow-up services. Consumers can express their opinions and suggestions on products, services and prices. Such a two-way interactive means of communication can improve involvement and enthusiasm of consumers, and enterprises can then accurately understand the consumption psychology and dynamics of consumers, make reasonable decisions, and fundamentally enhance consumers' satisfaction.