

Heytea's New Marketing Strategy: On the Impact of ESG Factors on Corporate Marketing

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Abstract: ESG factors have a profound impact on consumer preferences. More and more consumers are concerned about corporate social responsibility and environmental impact, and they are more inclined to choose products and services with good ESG performance. According to statistics, Heytea's turnover in 2022 will only be 4.7 billion yuan, even lower than the 5.3 billion yuan in 2021, but the market size in 2023 is estimated to reach about 145 billion yuan, and this is precisely because Heytea has implemented a new marketing strategy with ESG factors. This work analyzes the new marketing strategy of heytea from multiple perspectives, including advantages and disadvantages, data change trends, and enterprise types, and proves the conclusion of this case through multiple data conclusions, demonstrating the impact of ESG factors in marketing.

Keywords: Hey tea marketing strategy, Milk tea consumption habits, ESG factors, New tea industry, Hey tea status.

1. Introduction

1.1. Basic Information

In order to analyze the consumption habits of Chinese consumers and the acceptance of milk tea prices, through street visits, questionnaire surveys and other forms of research, the results show that at present, in the milk tea market, each consumer consumes about 4 cups of milk tea a month, and the number of female consumers is much higher than that of men. The survey results also show that in the acceptance options of China's consumers single-cup milk tea price, 57.3% of consumers can accept 10~15 yuan of milk tea, and only 6.4% of consumers can accept milk tea of more than 20 yuan, which shows that the acceptance of milk tea prices by Chinese consumers is generally maintained at the level of more than ten yuan. [1]

The survey of offline milk tea shops found that according to the price positioning, China's milk tea brands can be divided into the following different types: high-end new milk tea brands led by Nai Xue Tea and Hey Tea, the highest price, and the price of a single cup is generally 25~30 yuan, the audience is mainly concentrated in first-tier and second-tier cities, the number of offline franchise stores is small, and mainly settled in major central business districts, the store scale is larger, the environment is better, the main customer groups are office white-collar workers and college students. Milk tea brands such as Chayan Yueshi and Kawonka are mainly engaged in high-end drinks, with a single cup price of 16~25 yuan, mainly distributed in large cities or local characteristic cities, stationed in commercial centers with large flow of people, and high-end milk tea brands for the same consumer groups. The price of a single cup of mid-range drinks such as tea and coCo is 10~15 yuan, basically covering all provinces and cities in the country, with a large number of stores, basically opened in business districts, university towns, residential gathering areas, and the scale of stores is large and small. As "people-friendly players", the price of a single cup is mostly less than 10 yuan, and the number of stores is large and extends to the county seat, and the consumer group is more extensive.[2, 3]

1.2. Overview of the tea market

From the perspective of market competition, the number of enterprises in the new tea beverage industry is large, the number of national chain brands is small, mainly based on regional market competition, the industry concentration is low, and the market competition pattern is relatively scattered. At present, the first-echelon enterprises in the industry are mainly national well-known chain brands such as Heytea, Naixue's Tea, and Lele Tea. China's new tea beverage industry has not yet emerged monopoly industry leaders, and market competition is mainly based on regional market competition. As of June 2020, Heytea has 521 stores nationwide, Naixue's tea has 323 stores, Chayan Yueshi has more than 100 stores, and Guming has more than 5,000 stores.[4]

From the perspective of the operation of tea stores, the core of first-tier cities is the head brands of new Chinese products in the business district, such as Heytea, Naixue Tea, Chayan Yueshi, etc., with an average daily sales of about 2,000 tea drink orders, an average customer unit price of about 40 yuan, and an average daily revenue of 80,000. The average daily sales of second- and third-tier tea brands are about 300 orders, and the average unit price is about 25 yuan, with an average daily value of 7,500 yuan.[5]

2. The Current Situation of Heytea

2.1. Introduction to Hi Tea

Heytea (Shenzhen) Enterprise Management Co., Ltd. was established on May 28, 2013. The registered capital is about 2130000 yuan. On January 11, 2016, Shenzhen Meixi West Catering Management Co., Ltd. was established. The main products are: freshly made drinks, cakes, bread, freshly made ice cream, pre-packaged tea, Heytea bottled juice, Heytea bottled sparkling water, Heytea peripherals and other products. Investment institution IDG and angel investor He Boquan invested 100 million yuan in Heytea in 2016, and Heytea, which received the investment, opened the Heytea's HEYTEALAB concept store in Shenzhen Center in October of the same year, introducing the concept of laboratory hand-brewed tea. By the end of 2019, Heytea's official website

disclosed that Heytea had more than 300 stores in first-tier cities and more than 100 stores in second-tier cities across the country, with a total of 475 stores nationwide and about 7,000 employees.

2.2. Current situation of Heytea marketing

According to statistics, the price of Heytea mainly ranges from 20-40 yuan, while the price range favored by the tea market is 10-20 yuan. Moreover, in the daily operation process of Heytea, the promotion means are single, the promotion strategy is small, the frequency is low, the promotion is only in the new stage of new products, and then there are no other promotional activities in normal operation.

According to consumer reviews on major website forums, in terms of product categories, Heytea pays more attention to the preferences of young consumers in terms of product positioning, focusing on young consumer groups, ignoring the product needs of other groups such as family groups and children's groups. In terms of product production, according to consumer research research, it is known that the biggest reason why customers are dissatisfied with Heytea is the long waiting time and the slow speed of tea production. Due to the store operation space, staffing, production process such as fruit needs to be purchased fresh cut on the same day to ensure freshness, the number of stores is small, and the demand for purchasing personnel far exceeds the normal supply capacity of a store, resulting in a long time from order placement to food pickup. News such as long queues, the release of purchase restrictions, and scalpers reselling at high prices have made consumers question, have a negative impact, and even make consumers feel disgusted to abandon the purchase.

Heytea's stores are located in first- and second-tier cities, and all stores are opened in first- and second-tier cities in China, and the locations of stores are mainly commercial complexes. China's consumption big data shows that the scale of the tea consumption market in third- and fourth-tier cities and even county-level cities is much larger than that in first- and second-tier cities, and Heytea's store layout affects the strategic scale of Heytea's market. According to consumer evaluations, 50.19% learned about Heytea through the recommendation of friends. In the face of market scale, Heytea's channel layout has not fully achieved the expected results. The function of online mini programs is limited, and at present, it can only cover local service users with Heytea stores nearby.

3. Heytea's New Marketing Strategy

3.1. Accelerate the pace of product updates.

On average, a new product needs to be launched in 1.2 weeks. There are more and more tea brands, in addition to Heytea, Naixue 沏 tea, and Changsha local brand tea is pleasant, its national tide has caused a trend in China, Hangzhou's Lele Tea Factory, the tea factory moved into the street store, completely displayed in front of people's eyes, its products are richer than Heytea. Therefore, Heytea needs to always pay attention to market hot spots, combine industry development for product layout, understand the consumption portrait of target groups to guide to meet different consumer taste needs, and pay attention to the formation of new product research and development teams when other brands are still following the trend, and quickly change products. Optimize the product regularly. Combined with the results of the consumer market survey questionnaire in Chapter 4, the main

reason for the dissatisfaction of Heytea consumers is that the fresh-keeping taste of Heytea's products is too short, and the taste of pearls will change over time during the distribution process, so the existing formula will be considered in the subsequent new product development plan for improvement and upgrading.

3.2. Co-branding with other well-known IPs

In the context of other brands of the same type being co-branded with other IPs, linkage seems to have become the only way for the tea industry: Luckin Coffee linkage JOJO, Naixue's tea linkage Dove, Lele tea linkage Crayon Xiaoxin... Even Heytea himself has carried out many linkages, including but not limited to Menghualu, Only this Qinglu, Zhen Huanchuan, etc. Therefore, the future development of Heytea must be indispensable for linkage. On the other hand, linking larger IPs can also bring new customer groups and increase the popularity and popularity of the brand.

3.3. Create a healthy drink culture.

Stevia has always been sought after by low-sugar enthusiasts, compared with the original natural sugar, the calorie and sugar content is directly reduced by more than 90%, which can greatly reduce calorie intake. The emergence of stevia also provides new ideas for the research and development of Heytea, Heytea to the formula and process to carry out in-depth adjustment and polishing, in the product difference to maximize the original taste of tea, but also to leave personalized choices.

4. The impact of Heytea's New Marketing Strategy

4.1. Advantages

4.1.1. Digital Marketing

Heytea's good sales performance during the epidemic was mainly due to Heytea's "Heytea GO" online ordering mini program, smart tea pick-up cabinet, contactless takeaway channels and other technological retail channels and facilities. During the epidemic, Heytea cooperated with takeaway platforms such as Meituan takeaway platform, Ele.me takeaway platform, and the mini program "Heytea GO" to launch contactless service delivery services in its brand stores to solve the problem that consumers can't buy during the epidemic and provide sales channels for store operations during the epidemic. Takeaway "safe delivery", "corporate group meals" and "city-wide delivery" have driven online orders, allowing offline stores to ensure sales and normal operation during the epidemic. Laying out technology, online, digitalization and intelligence in advance is an important trend in the future. In March 2020, the "Heytea GO" mini program in Alipay was launched, which has now covered stores in cities across the country, and the contactless ordering experience has been further improved. The construction of "Heytea GO" mini program has brought great changes to Heytea, converting offline traffic into online traffic, driving offline sales and establishing long-term contact with consumers, and the resulting big data can better help product development and company decision-making. In 2019, Heytea GO Mini Program added 15.82 million users throughout the year, bringing the total to 21.5 million. In 2019, Heytea public account single tweet read the highest 990,000+. Heytea's digital tea base, which is unknown to the public, has played an important role in the new marketing strategy.

4.1.2. Omnichannel advantages

Heytea e-commerce flagship stores entered Tmall, Jingdong and its own mini program shopping malls, and launched online sales channels such as peripheral products, yogurt, biscuits, milkshakes, etc. Combined with new retail, develop other categories of products, such as bottled beverages, tea bags and other products, and enter supermarkets and other showcases for sale. Online and offline channels are all connected. While deploying new retail products, Heytea is expanding its sales channels, and launched the Qingtuan pre-sale activity in conjunction with the Hema Xiansheng APP, using freshly steamed popping cheese soy milk flavor and Ahuatian Bobo flavor, the main taste has been retained to this day, and it has been loved by Heytea fans, and it was sold out within 1 hour of going on sale. Cross-border co-branded cute duo launched co-branded ice cream, co-branded cake brand Holly jointly launched co-branded bakery products, cross-border co-branding continues to highlight the traffic in the user's mind, forming a scene of Heytea explosion IP. Heytea "sells" goods to increase revenue in the process of co-branding, enriches more consumption scenarios of Heytea, carries out omni-channel layout, continues to enhance brand influence in various channels, and extends horizontally to retail with tea as the core.

4.2. Disadvantages

4.2.1. Low customer loyalty

In the Internet era, consumers have begun to become "disloyal" to brands, the pace of life has accelerated, young groups pursue freshness and fashion, the Internet spreads quickly, brands are no longer limited by geography, a variety of franchise channels allow good brands to have more opportunities to be experienced across regions and industries, and consumers are not easy to be loyal to a brand. This phenomenon of low customer loyalty to the brand is particularly widespread in the tea industry.

4.2.2. Negative effects of hunger marketing

Long queues lose potential consumers. In 2017, Heytea's first store in Shenzhen China Resources MixC was popular on social media, and consumers queued for 3 hours just to buy a cup of milk tea. Self-media have mixed reviews of this phenomenon, and the controversy over Heytea on the Internet has gradually increased, and the news of hiring people to queue up has swept the Internet. More scalpers and daigou groups found the business opportunities, many people want to try but are not willing to pay more time costs, so the scalper buying profession appeared, a cup of milk tea sold more than the original price of 10 cups, seriously disrupting the normal market price system. The topic of Heytea hiring people to queue up was hotly searched on Weibo and won enough eyeballs. It is difficult to alleviate the problem of difficult queuing. For the catering industry, which is in perfect competition, if the queuing phenomenon continues to flood, it will only increase consumers' doubts about the brand,

resulting in serious negative effects.

4.3. Comparison of turnover

Compared with the 5.3 billion yuan in 2021 and 4.7 billion yuan in 2022 without implementing new marketing strategies, the China Chain Store and Franchise Association released the "2022 New Tea Beverage Research Report" pointed out that by analyzing the trend of Heytea opening more than 430 new stores in the first half of 2023 and entering 159 new cities, mainly in third- and fourth-tier cities, it is expected that the new tea beverage market will gradually enter a stable operation state in the first quarter of 2023 and usher in a full recovery in the second quarter. Finally, in 2023, the year-on-year growth of annual results will be achieved, and the market size is expected to reach 145 billion yuan.

5. Conclusion

ESG factors have a profound impact on consumer preferences. More and more consumers are concerned about corporate social responsibility and environmental impact, and they are more inclined to choose products and services with good ESG performance.

As far as the market environment is concerned, the competition in milk tea shops is now intense, and the listing of Naixue 茶, which is also a high-end positioning, has broken through, which has shown the future imagination of this track, and the competition to become a big brand to complete capital accumulation, the same high-end milk tea players Xi Tea, the situation is slightly embarrassing. The emergence of new marketing strategies not only captures the needs of new groups of people, creates a new consumer experience with product innovation, but also takes advantage of the contemporary market's tendency towards enterprises with ESG performance to successfully transform and upgrade brands.

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