

Research On Value Chain Optimization Path Based on Customer Value Theory

-- Taking Modern China Tea Shop as An Example

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Abstract: The tea market has been booming in recent years, with various brands emerging like mushrooms after a spring rain, and market competition has become increasingly fierce. Against this backdrop, Changsha's local new tea brand, Cha Yan Yue Se, also named as Modern China Tea Shop has emerged as a market focus. Modern China Tea Shop is customer value-oriented, and through product innovation, price control, channel restriction, innovative marketing, and optimized service strategies, it has improved its brand image, won the favor of consumers, and completed the entire value chain. It has fully utilized the reverse role of service in the value chain and achieved value chain optimization. Cha Yan Yue Se's successful experience and strategies are of great significance for other milk tea brands.

Keywords: Customer value; Value chain; Market competition; Modern China Tea Shop.

1. Introduction

The brand of Cha Yan Yue Se is themed on Chinese style, integrating R&D, production, and sales of tea drinks. In the process of making tea drinks, the brand emphasizes the unique concept of "Making Chinese Tea in a Western Way". The overall design incorporates many classical Chinese elements, and the shop signboard is even equipped with the slogan of "more fashionable with more Chinese", fully demonstrating its unique brand characteristics. Based on the long-term development of the brand, in 2020, Cha Yan Yue Se broke into Changsha for the first time, opening new stores in Wuhan and Ningde. On the first day of operation of the new Wuhan store, the queue lasted for 8 hours, and the price of a cup of milk tea sold by scalpers was as high as 500 Yuan. This news instantly caused a trending. What is the magic of the 15 Yuan cup of milk tea of Cha Yan Yue Se that makes consumers so sought after?

2. Theoretical Basis

The theoretical framework is the cornerstone of academic thinking, which can provide a common foundation for effective communication and strong support for mutual persuasion. Therefore, theoretical framework plays a crucial role in tourism research, helping us better grasp the inherent laws of tourism phenomena and promoting the in-depth development of tourism research.

2.1. Customer value

Zeithaml first proposed the theory of customer perceived value from the perspective of customers. This refers to the overall evaluation of the utility of a product or service based on the balance between the benefits that customers perceive and the costs they incur in acquiring the product or service. Since then, research on theoretical models of customer value has been constantly evolving.

2.2. The connotation of value chain

In 1985, Michael Porter, a professor at Harvard Business School, first proposed the concept of "Value Chain". He viewed a company as a complex organization consisting of a series of interrelated activities, such as design, production, shipping, and after-sales service. These activities can be integrated into a value chain model. In Porter's value chain model, the starting point of the value chain is the material procurement link, and the end point is the after-sales service link. All of these value activities ultimately point to the generation of marginal profits.

Based on the above viewpoint, we summarize several main characteristics of Porter's value chain. Firstly, Porter's value chain mainly focuses on the value creation process between various internal links of the enterprise, and its scope does not exceed the boundary of the enterprise. Secondly, the various links on the value chain are interrelated, and the value flows and accumulates along the extension direction of the chain. The positive or negative impact of each link on value addition will also affect the entire value chain. Finally, the main purpose of Porter's value chain is to explore strategic links and competitive advantages that can truly create value so as to create greater value for the enterprise.

However, although Porter's value chain model provides companies with a tool for deepening their understanding of the internal value creation process, its ultimate evaluation criteria still do not depart from profit indicators. This limits the criteria for evaluating the effectiveness of value creation to a certain extent.

2.3. Integration of customer value and value chain

The various production and operation links of an enterprise are actually aimed at creating value-added for customers, allowing customers to obtain the highest satisfaction with the minimum deviation from expectations during the process of purchasing products or services. Ultimately, the two-way

value recognition between the enterprise and customers is achieved to achieve a win-win situation. The value chain that integrates customer value will generate more possibilities in specific applications.

Firstly, the focus on customers has indirectly created "service touch" with customers for various value activities before the after-sales service link, which expands the thinking of production and marketing and is more closely connected to the external market. Therefore, the value chain has a certain degree of extroversion.

Secondly, in Porter's classic value chain model, the end point of each activity is after-sales service, which does not further reflect its regulatory role in material procurement, product design, and product production. However, after incorporating customer value, the beginning and end links of the value chain will form a closer connection. After-sales service is no longer just the end point, but becomes a new starting point. In addition, the scope of service needs to be expanded, not only including after-sales service, but also including pre-sales and in-sales services.

Finally, the value chain based on customer value treats customers as the core of corporate strategy formulation and competitiveness enhancement, with the ultimate goal of

achieving value added for customers. Customer dimension indicators can be used to assess whether customer value has been achieved. Therefore, optimization requirements are proposed for this model in new applications.

3. Theme

The further development and optimization of the brand value of Cha Yan Yue Se requires not only its unique taste and quality service, but also higher requirements for its complete value chain and constantly innovative experience model. From raw material procurement to product production, sales, and internal and external full-process services, Cha Yan Yue Se focuses on optimizing every link of its value chain and strives to create the greatest value for customers, ultimately becoming one of the leaders in the new tea beverage industry.

Based on the Porter's value chain model, in order to make the value chain of Cha Yan Yue Se more visible, we can treat it as an independent production organization. In this system, tea products are non-standardized products that undergo continuous and dynamic value creation and production processes to meet customer needs.

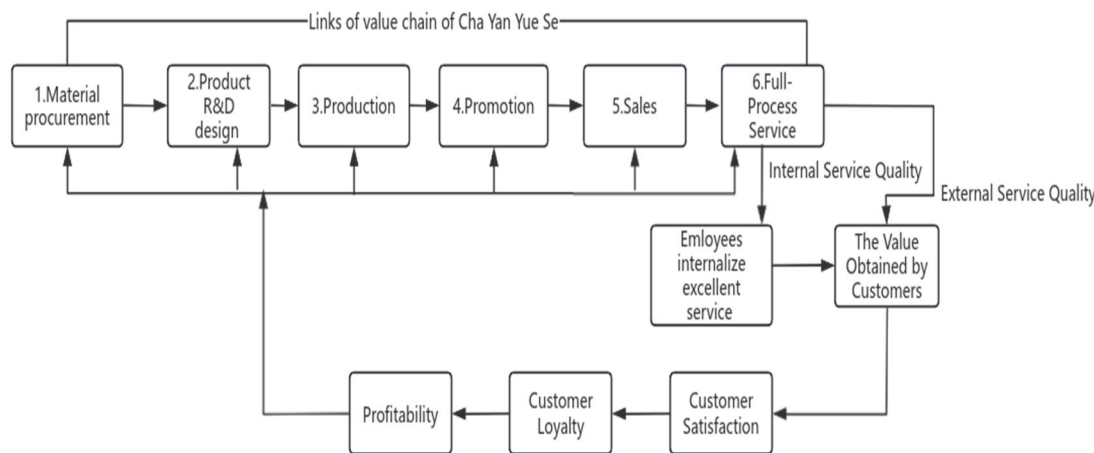


Figure 1. The internal logic of the value chain of Cha Yan Yue Se and the impact of customer value

3.1. External links of the value chain of Cha Yan Yue Se

3.1.1. Material procurement

Cha Yan Yue Se has purchased raw materials such as tea, juice, sugar, etc., and has undergone strict inspection and quality control to ensure the quality and safety of raw materials. The most prominent feature of Cha Yan Yue Se is its pure milk tea taste. Cha Yan Yue Se has specially selected the world-renowned dairy brand Anchor light cream to achieve the health standards of low fat and low sugar. In addition, Cha Yan Yue Se strictly controls the quality of tea products at the source of the tea factory to ensure that the tea raw materials have a fragrant smell and a mellow taste, avoiding the excessive use of additives. This approach simultaneously meets the current health needs of consumers.

3.1.2. Product R&D and design

Cha Yan Yue Se is focused on market demand and consumer preferences in the design of tea drinks products, developing a variety of flavors and characteristics of tea drinks products, while considering nutritional components and health factors. In a highly homogenized environment, Cha Yan Yue Se has adopted a distinctive strategy,

abandoning mainstream milk tea products, using tea with cream as its signature tea, with innovative and unique products, shaping a unique brand core competitiveness.

The decoration design of the Modern China Tea Shop is unique, and each store has a unique Chinese style concept theme. The founder Lv Liang even spent millions of dollars to purchase the logo design copyright to fully create the Chinese style of Cha Yan Yue Se.

The product naming of Cha Yan Yue Se is unique, such as the name of black tea is "Hongyan", green tea is "Huan Sha Green", and there are also drinks with added nuts, chocolate and other ingredients such as "Dou Kou" "Sheng Sheng Wu Long" "Yan Hua Yi Leng" "Zheng Zheng Zhi Yuan".

In terms of pricing strategy, Cha Yan Yue Se has adopted a relatively reasonable price setting, keeping the price at a moderate level to meet the purchasing needs of target consumers. In addition, it has implemented a point-collection policy to stimulate consumers' desire and loyalty to purchase.

Cha Yan Yue Se has successfully established a good impression of "Chinese style" + "high-quality milk tea" in the hearts of consumers through unique store decoration,

Chinese-style packaging design, as well as unique milk tea taste and reasonable pricing strategy.

3.1.3. Production

Cha Yan Yue Se is strictly in compliance with food safety and hygiene regulations in the production process to ensure quality and taste. Recently, Cha Yan Yue Se invested 520 million Yuan to build its own production plant, with a planned land area of over 100 acres, which was undertaken by China Construction Fifth Engineering Division Corp. The plant will build tea extraction, tea automation production lines and supporting facilities, with the goal of becoming a research and development center for deep processing and fine processing of tea. It is planned to put into trial production in 2025 to meet the technical material needs of 5,000 stores.

Compared to the asset-light operation of the new tea industry, establishing an independent research and development production base is a major investment decision for Cha Yan Yue Se. Building its own innovative research and development production center is an important measure for Cha Yan Yue Se to keep pace with Changsha's efforts to build a global research and development center city and enhance its core competitiveness. Through investment in fine processing technology, Cha Yan Yue Se will master the key processing technology of core raw materials and improve its risk resistance and technical barriers.

3.1.4. Promotion

In the promotion process, Cha Yan Yue Se adopted a strategy of anti-commercial routine and refused intensive advertising. Unlike other companies, Cha Yan Yue Se does not rely on a large amount of advertising to attract consumers. Instead, they believe that true marketing is not just advertising, but attracting and impressing consumers through the product itself and excellent service.

Cha Yan Yue Se believes that although intensive advertising can temporarily increase brand awareness, this approach cannot truly win the hearts of consumers. Therefore, they have chosen a strategy that focuses more on quality and service, hoping to establish consumer trust and loyalty to the brand through providing excellent product experiences and sincere services.

3.1.5. Sales link

Cha Yan Yue Se is a direct sales tea milk tea brand and does not accept franchise. It strictly controls the number of stores to maintain brand quality. This geographical restrictions strategy makes the stores of Cha Yan Yue Se become scarce resources, enhances brand value, and achieves the effect of hungry marketing. When Cha Yan Yue Se opens new stores in Wuhan, Shenzhen, Chongqing and Nanjing, consumers always line up in long queues. This hungry marketing strategy not only brings economic benefits, but also provides consumers with unique product experiences. Cha Yan Yue Se creates scarcity and uniqueness by controlling the number of stores and their location, making consumers more eager for its products. At the same time, it pays attention to product quality and reputation, and builds a good brand image. This brand image and unique experience make consumers willing to pay more time and money for Cha Yan Yue Se. In addition, the hungry marketing strategy brings widespread attention and topic to Cha Yan Yue Se. The queue phenomenon at the opening of new stores attracts more consumer attention and participation, making Cha Yan Yue Se a hot topic on social media. This attention and topic bring more exposure to Cha Yan Yue Se, establishing a more unique brand image.

3.1.6. Full-process service links

Cha Yan Yue Se is committed to providing comprehensive and high-quality services. In the pre-sale process, Cha Yan Yue Se provides consumers with a trial service, allowing them to fully experience various tea products so as to make more accurate decisions on whether to purchase. In addition, to ensure the health and safety of consumers, each store is equipped with a medicine chest to deal with possible emergencies.

During the sales process, dairy products and tea products are kept freshly made on the same day to maintain the best taste. Our staff are also trained rigorously to be able to skillfully and quickly make milk tea, with the production time for each cup of milk tea usually controlled at around 1-2 minutes, which can minimize the waiting time for consumers and enhance the efficiency value and consumption experience. If consumers feel that the taste does not meet their expectations after purchase, we promise that they can request the staff at any store to make it again. This quality service initiative is also known by consumers as the "right to claim a cup".

In the after-sales link, if consumers have any questions or suggestions about Cha Yan Yue Se products, they can give feedback through the "Cha Yan Yue Se" WeChat official account and get timely responses and feedback. At the same time, it publishes a food safety self-inspection report every month, publicly announces the problems of health measures and work errors of the stores, and orders the unqualified stores to rectify immediately. Cha Yan Yue Se has always adhered to a rigorous, stable, rational and official attitude, providing consumers with the best quality service.

3.2. Internal links of the value chain of Cha Yan Yue Se

The internal links of the Cha Yan Yue Se's value chain mainly refer to the formation of an internal service cycle with a similar atmosphere within the entire organization of the enterprise. The service value chain is a chain that integrates profits, customers, internal employees, and enterprises. In the process of creating value, the efficiency and loyalty of employees are equally important. Employee loyalty depends on their satisfaction with the organizational structure, and their satisfaction with the organization mainly depends on whether the organization can provide high-quality internal services. Therefore, the quality of service within the organization is a key factor driving employee satisfaction. Employees internalize high-quality services, which in turn affects customer value and ultimately has a positive impact on the efficiency of the enterprise. Therefore, enterprises should attach importance to the quality of internal services to enhance employee satisfaction and loyalty, thereby improving the efficiency of the enterprise.

4. Conclusion

Cha Yan Yue Se has achieved value chain optimization by focusing on customer value and providing quality services, which has important implications for other milk tea brands.

First of all, focusing on customer value is key. Cha Yan Yue Se is customer-oriented, focusing on product taste, quality, and health factors, while also incorporating traditional Chinese cultural elements into its products, creating a unique and attractive milk tea brand. This customer-centric mindset can help brands better understand consumer needs and

preferences, and thus provide more valuable products and services.

Secondly, providing quality services is essential. Cha Yan Yue Se provides consumers with a good shopping experience through comprehensive customer services such as trial drinks, fast production, and claims. In addition, they also focus on after-sales service, promptly responding to consumers' feedback and suggestions and safeguarding consumers' rights and interests through measures such as publicizing food safety self-inspection reports. These quality services can enhance consumers' trust and loyalty towards the brand, thereby creating sustainable competitive advantages for the brand.

Finally, the success of Cha Yan Yue Se also lies in its unique marketing strategies. They have created a distinctive and influential milk tea brand through cultural marketing, word-of-mouth marketing, innovative marketing, and community marketing. These strategies not only help the brand stand out in a competitive market, but also attract more potential consumers and increase brand awareness.

However, the successful experience of Cha Yan Yue Se also reminds other milk tea brands to pay attention to the quality of internal services and employee care. Employees are an important part of the brand, and their attitudes and services directly affect the consumer experience and brand image. Therefore, other milk tea brands need to focus on the growth and development of employees, and improve employee satisfaction and loyalty through providing training, promotion

opportunities, welfare benefits, and other measures, in order to provide better services and products for consumers.

Therefore, the successful experience of Cha Yan Yue Se has important reference significance for other milk tea brands, who can improve their brand competitiveness and market share by focusing on customer value, providing quality services, and paying attention to employee care.

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