Behind The Sensation: The Marketing and Hidden Worries of Chayan Yuese

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Abstract. Nowadays, the milk tea market is vibrant, and the major milk tea brands compete to display their characteristics, attracting more and more young people to consume. Therefore, the application of marketing and promotion strategies has become an important factor in business competition. To seize market share and boost sales, enterprises must combine the environment and their own conditions to apply marketing and promotion strategies. Based on previous marketing theories, this paper takes the milk tea brand Chayan Yuese as an example, analyzes its marketing deficiencies in depth, and gives appropriate suggestions in light of the actual situation. It is concluded that Chayan Yuese, as a geographically limited milk tea brand, should strengthen its core competitiveness in terms of product differentiation, speed of product renewal, ways of promotion, and the balance between delicate service and simplified process to add additional value. This study is for the reference of researchers and similarly situated companies.

Keywords: Marketing, Consumer psychology, Management, Sociology.

1. Introduction

In recent years, appearing frequently as an online sensation, the milk tea industry is in full swing, and milk tea was once jokingly dubbed as spiritual food. Most of the public are the patrons of major milk tea stores, and milk tea is frequently on the hot search. The head milk tea brands such as Chayan Yuese detonate national discussion again and again and have been among the most successful new tea drink brand ranks. The name "Cha Yan Yue Se" comes from a Chinese four-character idiom "He Yan Yue Se", which means a kind and joyful look. "Cha Yan Yue Se" changes the first character of this idiom to "Cha", which means “tea”, to express that whoever drinks this cup of tea will feel happiness and joy. Obviously, mere cultural attributes cannot trigger such a sensation and there must be a set of mature operational strategies to support its marketing and expansion. The brand marketing strategy plays an indispensable role in the business to stand still in the consumer downgrade after the epidemic. In China, the concept of brand marketing has not only been gradually incorporated as an important part of corporate decision-making but has also been gaining attention in the academic world year after year. Unfortunately, there is very little literature available on major literature platforms that discusses purely domestic and regionally limited brands and their marketing strategies.

By combining the 4Vs marketing mix and 7P marketing theory, this paper lists and discusses the application of the marketing model in the enterprise and is divided into two major parts to analyze the advantages and concerns that Chayan Yuese faced in the market competition of the same stage. First of all, to really accept, absorb, and apply the 4Vs, the marketing manager of the enterprise should take the 4Vs marketing mix theory into account in corporate marketing decisions so that all departments and their personnel of the enterprise will be customer-focused, competition-oriented, and will use modern marketing management tools to achieve comprehensive benefits by integrated consideration of enterprise innovation, on-site service, and after-sales service. Secondly, in marketing activities, enterprises should constantly explore the cultural connotations of their products. It is important to enhance the quality of marketing activities, carry out knowledge dissemination marketing, optimize the lengthy marketing procedure, and retain the marketing means with symbolic characteristics to improve the overall marketing level and further deepen the brand of enterprise products in the minds of consumers. Enterprise products are oriented to consumption, which needs a
broad market and enough people to consume - customers. Management scholar Drucker, in describing the definition of the enterprise, put forward that enterprise has only one purpose, which is to create customers. Creating customers by enterprises is to create differences, which guarantees the enterprise products stand out from similar ones. On the surface, brands within the same industry offer the same type of product to different customers, but in reality, customers may be buying something fundamentally different. Just like Chayan Yuese analyzed in this thesis, as a head brand of mid-range milk tea, it uses Chinese cultural heritage and the company's cultural atmosphere to differentiate itself from other milk tea brands in product name, packaging, store decoration, and the way it addresses customers, thus winning its own market. Even though milk tea is not traditionally a necessity of life, Chayan-Yuese still markets its products at the level of added value and has developed peripheral products that are closely related to its brand heritage. The brand has attracted potential consumers who cannot reach Changsha and neighboring cities to pay for the brand. Chayan Yuese also firmly binds the marketing concept with the customer's feelings, thus giving rise to the "resonance" of the 4Vs marketing mix, enabling customers to experience more of the actual value of the products and services, and ultimately generating benefits and emotional connections between the brand and the customer. Milk tea's main consumer groups are the post-90s and post-00s, i.e., people around Generation Z. The biggest difference between Generation Z and other major consumer groups is that they have a stronger cultural self-confidence than other generations of students. This makes them resonate with the traditional cultural style of Chayan Yuese. On the other hand, the resonance marketing of Chayan Yuese is precisely the obstacle between the brand and its customers. This is because Chayan Yuese is not able to provide customers with innovative products and services with the greatest value, as the product line of Chayan Yuese investigated in this paper shows that compared to other brands, the products of Chaysn Yuese have remained unchanged for many years without additions. Resonance emphasizes the importance of connecting innovation with the values that customers treasure, and over time, lack of innovative products, Chayan Yuese may be gradually surpassed or even replaced by new national milk tea brands on the same track.

This paper discusses and analyzes in depth why "Changsha limited milk tea brand" Chayan Yuese has been able to spread its name all over China through the theories involved in the 4Vs and 7P models. The paper analyzes the shortcomings of Chayan Yuese’s marketing and gives suggestions, accordingly, aiming to provide a reference for the development practice of local and regional brands in China.

2. Theoretical Review

In the systematic study of marketing strategy, the current mainstream views of international and domestic scholars are covered by marketing opportunity analysis, STP analysis, and marketing mix analysis. For example, "Marketing" by the famous scholar Philip Kotler's work in 2003, as well as "Marketing Management" by the famous marketing scholar Don Yacobucci in 2009, is in accordance with this system, step-by-step analyzing and grasping the overall marketing strategy of an enterprise [1]. American marketing scientist Wendell Smith first put forward the concept of market segmentation in 1956, after which American marketing scientist Philip Kotler further improved his theory and eventually formed a mature STP theory: market segmentation, market targeting and market position. It is the core content of marketing strategy, the root of which lies in the target consumers or customers. Neil Borden in the 1953 American Marketing Association inaugural speech created the concept of marketing mix, referring to the market demand will be influenced to some extent by the so-called "marketing variables" or "marketing elements". The marketing mix includes the 4Ps theory proposed by American scholar McCarthy, the 4Cs theory proposed by American scholar Lauterpacht, and the 4Vs marketing mix theory proposed by scholar Luo Wenkun [2]. Although 4Vs is a marketing theory for high-tech products, according to the viewpoint of Chinese scholar Wu Jinming, 4Vs i.e., differentiation strategy, functionalization strategy, added value strategy
and resonance strategy, is also applicable to modern enterprise marketing in China, which helps to cultivate and build the specific ways of enterprise core competitiveness [3].

In conclusion, the paper mainly discusses the strengths and weaknesses of the marketing strategy of the new Chinese tea beverage company Chayan Yuese. The success of Chayan Yuese does not mean that the company is completely in line with the traditional international mainstream marketing models and strategies. While reviewing the traditional international theories, this paper also analyzes them in the context of China, including the theories put forward by Chinese scholars, the local policies of Chinese enterprises, and the social customs of Chinese society.

3. Overview of Chayan Yuese’s Marketing

Chayan Yuese is a Chinese-style tea drink brand under Hunan Changsha Chayue Catering Management Co., Ltd, founded in 2013 and headquartered in Changsha, Hunan Province. Chayan Yuese uses design Chinese style in all aspects of its business activities, incorporating a large number of traditional Chinese elements into its product image and store decoration. In the current era of "China chic culture", cultural marketing is essential for Chayan Yuese’s standing out in the tea beverage industry [4]. In addition, cleverly using strategies and techniques including starvation marketing and cooperative marketing, with its differentiated brand positioning, rich corporate culture and a strong sense of innovation, Chayan Yuese shows different advantages from other new tea brands: because of the unique Chinese style design and approachable brand image in this industry, Chayan Yuese has achieved an unshakable position in the new-style tea industry [5].

After Chayan Yuese became a hit, it did not blindly explore the market but plowed into Changsha's local area, and now it has become a new landmark in Changsha after the famous attractions such as Orange Island and Wuyi Square [6]. As of January 2023, according to Xinhua.com, Chaye Yuese has a total of 546 stores in operation, of which 450 are in Hunan, and the rest are located in Hubei, Chongqing and Jiangsu.

4. Research of Chayan Yuese’s Marketing Strategy

4.1. Marketing Differentiation

There are three aspects of differentiated marketing: product differentiation, market differentiation and image differentiation.

In terms of products, the naming and design of Chayan Yuese are closely related to Chinese traditional culture: the name of regular tea drinks is very ancient style, such as "Zhixiao" (Gardenia at dawn; Green tea base with gardenia fragrance), "Youlan Latte" (Quiet and beautiful orchid; Fresh milk tea with orchid aroma), "Manyue Lanshan" (The vine of the cranberry extends to where the lights fade; Cranberry jam and refreshing milk tea), "Shengsheng Oolong" (Ancient music with ancient tea; Oolong milk tea with white peach), "Zhengzheng Zhiyuan" (A kite flying in the wind of March; Refreshing oolong milk tea), etc; the packaging of tea bags combines Chinese classical poems with Chinese style illustrations; the design of creative cultural products such as fans and umbrellas follows the shapes and structures of the ancient cattail leaf fan and oil-paper umbrella[7]. In the production of tea beverages, Chayan Yuese incorporates Western coffee technology, fuses traditional Chinese tea culture, and emphasizes the concept of "Chinese tea made in a Western way", making it unique in the industry.

Its marketing differentiation is embodied in the marketing model of Chayan Yuese, which is only directly operated and not franchised. It is because of this marketing model, Chayan Yuese in the early stage of development focused on the Changsha market, using intensive store opening mode, and after years of deep cultivation, has basically realized the layout of the "ten meters a store" in Changsha and become Changsha's business card. With the investment of capital, Chayan Yuese gradually began to open stores in Hunan Province around Changsha; in December 2020, Chayan Yuese went out of Hunan for the first time and opened its first store outside of Hunan in Wuhan; in April 2021, pop-up
store of Chayan Yuese landed in Shenzhen; in June 2022, a branch of Chayan Yuese was stationed in Chongqing; and in August of the same year, another branch was stationed in Nanjing. Whenever a new store opens, consumers are always lined up, and there even are purchasing agents asking 200 yuan for one cup [8]. Behind all these crazy consumer behaviors, is the invisible hand of hunger marketing in the control of the market situation.

As a new Chinese-style tea drink, Chayan Yuese has also made a lot of efforts to differentiate its brand image. According to Lv Liang, founder of Chayan Yuese, the business has spent one to two million dollars on copyright related to Chinese culture. From the brand logo in vermilion red and the cups printed with poems to the Chinese design and decoration of the store, every aspect reflects Chinese characteristics and contains a rich traditional cultural heritage. In addition, the brand image of "Changsha's business card" and "milk tea store only in Changsha" have satisfied the superiority of Changsha consumers to a certain extent, deepening the affection of Changsha consumers towards the brand, and some of them even regard drinking a cup of Chayan Yuese as a thing to be proud of, which triggers the phenomenon that more and more consumers come to Changsha just to drink a cup of tea.

4.2. Marketing Functionalization

With drinking as its core function, the tea drinks of new style must attract consumers’ tongues before they get into consumers’ hearts. Drinks of Chayan Yuese are mostly based on fresh tea, plus a layer of light cream, and then decorated with crushed piquant fruits on the top, which is very distinctive and widely acclaimed. However, there are only about 20 regular drinks in Chayan Yuese, which is insufficient in number and variety compared to the industry's top brands.

The social attributes of Chayan Yuese also occupy a place in the marketing campaign. The consumption groups of tea are mainly concentrated in young people aged 18-35, mostly students and urban white-collar workers, who usually drink a cup of tea, chat for a while after a busy day, and "stop" to enjoy the slow time of youth with an artistic touch [9]. Moreover, some consumers take drinking the tea of Chyan Yuese as a matter of pride, taking photos in the store and posting them on their social media accounts which attracts more consumers to taste.

With the increasing number of stores in Changsha, Chayan Yuese has become a new landmark in Changsha and even a landmark in Hunan. More and more consumers "come to Changsha just to have a cup of Chayan Yuese", driving the development of Changsha's tourism industry and contributing to Changsha's economic development [10].

4.3. Marketing Added Value

As one of the main added values of Chayan Yuese, "service" is an important reason why Chayan Yuese is loved by consumers. It addresses consumers as "little masters", takes the initiative to draw closer to consumers, and even sets up "Little Masters' Day" to provide consumers with benefits in return. When the weather is hot, the staff will distribute small fans to consumers in line; store staff in the sale of tea will also carefully tell each consumer the "one pick, two stir, three drink" drinking method, rather than print them on the cup or written in the stand; stores will also always have umbrellas, bandages, floral water, body warmer and other items, to timely provide consumers in need with warm service [11].

Chayan Yuese is also known by its fans as "a cultural creative store that knows how to make tea beverages the best". Based on the characteristics of the product series and fusing traditional Chinese, Chayan Yuese has developed culturally creative products that not only pursue the aesthetics of shape and reflect the characteristics of the brand, but also contain cultural traditions and the spirit of the nation, such as tea leaves, tea utensils, tea canisters, bookmarks, ancient fans, folders, notebooks, cultural shirts, cell phone holders and so on. Many of the cultural and creative products that are closely related to the lives of consumers have not only been integrated into their lives but also implanted in their hearts [12].
4.4. Marketing Resonance

Chayan Yuese is committed to spreading traditional culture and expects to reach a resonance of cultural recognition and cultural confidence with consumers. The traditional Chinese elements everywhere, the very beautiful Chinese paintings, the very poetic packaging and text, and even the shopkeeper calling the consumer the little master, etc., all reveal the inheritance and dissemination of traditional culture, which is deeply loved and recognized by consumers. If consumers recognize the brand image and packaging design, it indicates that the values advocated by the brand resonate with the values of consumers, and the consumers will further become loyal users of the brand. Nowadays the "China chic" prevails and the state vigorously promotes traditional culture, advocating the enhancement of cultural identity. The brand culture and brand values of Chyan Yuese, matched with the trend, undoubtedly further stimulate consumers' desire to buy. When consumers recognize the China chic, they recognize Chayan Yuese. Therefore, drinks of the brand can meet or even exceed the expectations of consumers, satisfy the needs of customers to the greatest extent, and ultimately achieve the effect of enterprise and consumer resonance [13].

5. Problems of Chayan Yuese’s Marketing and Suggestions

In terms of products, Chayan Yuese lacks diversity and differentiation. Although its tea drink production process is unique, the homogeneity of its own tea products is relatively serious; In addition, there are only two dozen regular drinks on the menu, which is less compared with the new-style tea brands at the same level. For example, with a similar number of regular drinks, HeyTea will update the menu by launching drinks of seasonal fruit or co-branded products every month. At HeyTea, there are more than 40 products on sale all year round, and in addition to drinks, HeyTea also launches ice cream, cake and bottled tea [14]. The rich product structure of HeyTea gives consumers more choices, and the competitiveness of Chayan Yuese in this aspect is weak.

And because the industry threshold of new-style tea drinks is very low, the technical requirements for the production of drinks are not high, and the drink formula itself is difficult to apply for a patent for protection, so the products are very easy to copy by peers [15]. It happens all the time that after a new product hits the market, it will be quickly copied by its competitors, and therefore the industry product homogenization problem is serious. "Youlan Latte" of Chayan Yuese and "Snow Top Orchid" of Ma Wuwang are very similar in terms of product image and flavor. Changsha's other local tea drink brands "Nishang Chawu" and "Chagee", which originated in Sichuan, also focus on the Chinese style, and their products resemble many of Chayan Yuese's products in image and flavor. When there are products with a higher degree of similarity and easier to buy, consumers' loyalty to Chayan Yuese will definitely decrease if the brand cannot launch new products timely.

Chayan Yuese did not adopt the online and offline composite channel model in Changsha until 2020. Outside of Changsha, the number of stores is small, but the queue of consumers is huge. Therefore, in order to prevent other problems including raw materials in short supply, store chaos and low efficiency, Chayan Yuese only provides consumers in Changsha with online ordering and delivery options. If the store can expand its scale, increase manpower, strengthen management, and provide pick-up and delivery options, it will be more convenient for consumers and can increase sales, and give some consumers who do not want to queue and do not have time to queue the opportunity to experience.

Publicity and promotion still need to be further optimized. As the stores of Chayan Yuese are mainly concentrated in Hunan, consumers' understanding of Chayan Yuese is still not as good as that of new-style tea brands such as HeyTea and Naixue, which still needs to be further promoted. For example, Chayan Yuese can post interactive videos on social platforms such as TikTok and BiliBili, where netizens are guided step by step to know Chayan Yuese by distributing coupons and interacting with netizens online. In terms of environmental protection, Chayan Yuese can open pop-up stores to promote the utilization and recycling of old items and reprocess recyclable items such as paper bags and straws that are not used by consumers.
Chayan Yuese attaches great importance to the relationship with consumers, and service is also one of its main selling points. The staff in the stores ask for consumers’ surnames when ordering, and then address them as "little master" following their surnames when taking tea. But due to the noisy communication environment or the fact that some surnames are remote, there may be a mistake in addressing; When taking tea, the clerk will carefully repeat the drinking method of "one pick, two stir, three drink" to each consumer, instead of printing it directly on the cup body or other places that can be easily seen by consumers, because the verbal instructions are more intimate and warmer. But there is also negative feedback from frequent purchasers, every time a customer buys a drink, they will repeat it, which makes the customer feel a little irritable and wasted time. Therefore, Chayan Yuese can strengthen the training of staff, and strive to make the service reach a balance between warmth and excessive warmth that causes annoyance so that consumers can better obtain and recognize the added value, or the service will be gilding the lily.

6. Conclusion

The development of milk tea is not so much a sudden popularity as an inevitable product of the vertical and horizontal development of new consumer consciousness. Through the theory of traditional marketing and combining the general environment of China's consumers as well as the trend of social development, this paper analyzes the competition in the industry faced by Chayan Yuese as a tea beverage brand that focuses on the characteristics of traditional Chinese culture. It analyzes the advantages of Chayan Yuese in the industry, such as marketing differentiation, marketing functionalization, marketing added value and marketing resonance. The results and conclusions of the study are for the reference of subsequent researchers and enterprises. This paper analyzes the marketing strategies behind the popularity of Chayan Yuese, aiming to give advice to new-style tea drink brands similar to Chayan Yuese, to improve their competitiveness in the industry from a marketing perspective. There is also an objective limitation of the research: the number of studies available on Chayan Yuese is relatively small, as it is an emerging Chinese regional brand, and the lack of intuitive data makes it impossible to predict the trend of the brand in the market. Future research can follow the marketing theory model to refine and classify the public data of the enterprises so as to predict the trends of the industry. The paper also provides some suggestions for Chayan Yuese and similarly situated brands: The milk tea industry is in full swing, and according to the principle of diminishing marginal utility, although starvation marketing, publicity and China chic can make consumers resonate with the brand and bring a large amount of customer traffic, related brand need to firmly follow differentiation strategy to truly develop, It requires brands to put focus on the most basic product optimization and improving the irreplaceability of their products. After all, milk tea is non-essential and goes against the healthy development advocated by the current society. At the same time, the service needs to be put in the first place, because what consumers consume is often not the food for satiating, but the mood and atmosphere. Chayan Yuese should streamline the service process according to consumer feedback, eliminate unnecessary formalism, and there is no need to carry out mechanized services for the so-called "intimate service". Building a brand is a systematic project, and marketing is also a long process that needs to be accumulated, but Chinese tea brands urgently need to make up for the lesson of "brand marketing".

Authors Contribution

All the authors contributed equally, and their names were listed in alphabetical order.

References


