

Analysis and Optimization of HEYTEA's Marketing Strategy

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Abstract. Chinese tea culture is the culture of making and drinking tea in China, which has a long history. The extensive and profound traditional tea culture includes not only material and cultural levels but also profound spiritual civilization levels. With the development of society, conventional tea products were hard to meet consumers' demands and needs as the audience is not extensive, and thus the flexible form of tea drinking has gained a broad space for development. Therefore, people create a variety of new tea-drinking brands with new characteristics through the collision of creativity and tradition, and the key point that determines whether a product could have a selling point or not is the marketing strategy of the brand. This paper will analyze the brand positioning, 4Ps marketing strategy, and existing problems of HEYTEA, explore the deep-seated reasons and shortcomings behind its success, and put forward optimization suggestions to break through the current homogenized competition situation.

Keywords: Marketing strategy, Optimization research, HEYTEA.

1. Introduction

With the rise and development of the tea profession, the standard of choosing tea-based drinks for consumers recently is the creativity and the aesthetic of the products instead of paying close attention to prices and tastes. Compared with the conventional form of tea-based drink, as a well-known brand in the new tea-based drink industry, HEYTEA has quickly won the love of the public because of its unique brand image. Originally, HEYTEA first started in Guangdong Province in 2012, initially named ROYALTEA, but was later changed to HEYTEA in 2015 because it could not be registered as a trademark [1]. Moreover, the exquisite packaging, diversified product structure, and unique marketing mode of HEYTEA brand products greatly increase the favorable impression of consumers. As a result, HEYTEA stands out in the tea-based drink industry with a high market share and continued vitality. Next, the brand positioning, marketing strategy based on the 4Ps method, and feasible optimization suggestions for various marketing strategies of HEYTEA will be introduced, analyzed, and recommended.

2. Brand Positioning

Since HEYTEA first originated with cheese milk foam, the brand position and consumer group of HEYTEA was confirmed in the society [2]. The brand position of HEYTEA mainly focuses on the young market, middle market, and high-end market, and attaches importance to the young, fashionable, and high-end products. According to the aspect of the consumer group, HEYTEA is mainly aimed at young people in first-tier cities, especially the new generation groups such as the post-90s and post-00s. Besides, HEYTEA is also committed to creating a fashionable, young, healthy brand image and creating a strong connection between consumers and its brand with its socially designed products. Combining the above information with the experience and feedback accumulated since HEYTEA opened, it creates a marketing strategy that matches its products, which displays its unique creativity of brand culture and therefore accurately positioning the brand.

3. Marketing Strategy (4Ps Analyze)

3.1. Product Strategy

3.1.1. Rich type of product structure

The success of HEYTEA is inextricably linked to the wide range of goods it produces. From the perspective of its structural product classification, it is divided into three major types, which are drinks, desserts, and peripheral products. As the largest proportion of HEYTEA products, drinks include a variety of tea types such as fresh fruit tea series, light and thick milk tea series, and coffee tea series. Among those series, seasonal fruit tea that is classified in the fresh fruit tea series is the most popular, because HEYTEA updates its fruit tea types in time according to the fresh fruits in different seasons. In addition, the variety of sweet tea is also diverse, products including cake and ice cream, which are deeply loved by consumers. To summarize the above product description, the product structure of HEYTEA is extremely rich, which brings more choices to consumers. At the same time, HEYTEA can also satisfy customers who have special needs, such as its production of zero-calorie lemon tea and zero-calorie sugar, as well as ingredients that consumers want to add or reduce individually. The diversification of such products effectively improves consumers' sense of experience and satisfaction in tea consumption, thus promoting the marketing of tea products.

3.1.2. High quality raw materials

The raw materials that HEYTEA has used in the process of making products are all real and healthy materials, and their materials are supplied by many regions and countries around the world. The official website of HEYTEA discloses the source information of the raw materials of the products, including the specific origin, varieties, flavors, growth cycle, processing technology, and testing reports. Take grape jelly from HEYTEA as an example [3]. The raw material information shows that its grape origin is Liaoning and Yunnan, and the varieties switch with the season to use summer black grape and Kyoho grape. At the same time, HEYTEA's self-built 7 square kilometers selection tea garden, various kinds of warehouses, and efficient supply chain ensure the all-round safety of raw materials from production to delivery, to maximize the retention of the original aroma of tea body in the current tea drink. In addition, the fresh milk used in the milk tea made by HEYTEA is also produced by high-quality cows. As shown in the official mini program of its order, the milk with a smooth taste and rich milk flavor comes from pastures that are professionally managed and effectively ensure the health of cows and are preferred Holstein cows. So, HEYTEA not only ensures the supply of fresh raw materials but also reduces certain production costs through its self-built tea garden.

3.1.3. Unique product packaging

The packaging design of HEYTEA not only has a beautiful appearance but also meets the needs of consumers for quality and environmental protection. With the pursuit of consumers for health and personalization, the design of HEYTEA packaging is also constantly developing and innovating [4]. The packaging is designed to project a healthy, natural image, such as the use of green, natural colors and shapes. On the other hand, the consumer trend of personalized customization is also rising rapidly, and HEYTEA can provide personalized choices through packaging design, such as matching replaceable stickers, creative bottle caps, and so on. At the same time, the packaging design of HEYTEA's drink cover has won many international awards, successfully shaped the brand image, and improved sales performance. One of the classic cases is the packaging design of the "Floral Appreciation" series of tea drinks. Designers use a large area of flower patterns on the packaging, making the product look full of natural and romantic atmosphere, attracting many young consumers. At the same time, in the choice of packaging materials, the use of recyclable, degradable materials, in line with the contemporary consumer's concern for saving resources, has been recognized by consumers.

3.2. Price Strategy

In the new tea industry, the price of HEYTEA is on the high side. But the reasons behind the high price are obvious, high-quality raw materials, the experience of the store, and quality manual training are all factors in the high price. Overall, the price of all single-cup tea drinks and desserts is positioned between 2-28 RMB at present, and the price of the cheese series and fruit tea series is around 28 RMB. However, before 2022, the price of HEYTEA is higher than that of other tea companies, and its high-end price can be the same level as Starbucks, and the price of goods is between 20-35 RMB, which has a certain competitive disadvantage. However, in January 2022, HEYTEA began a round of price reductions [5]. Compared with the original menu, it was found that the price adjustment covered most of the full range of products such as fruit tea, milk tea, pure tea, and coffee that are sold by HEYTEA, with the price adjustment range ranging from 1-10 RMB, and the price adjustment range of a single product was up to 10 RMB. At present, except for a small number of special products, the price of tea drinks has been lower than 29 RMB. Among them, the price of pure green tea after the adjustment is only 9 RMB. So far, HEYTEA has also fulfilled its commitment of "saying goodbye to 30 RMB" mentioned in the "HEYTEA's Decade" report. The latest price distribution of HEYTEA products is clearly shown in Figure 1, 66% of the products are priced between 15 and 19 RMB, and only a few 1% of the products are priced between 25 and 29 RMB. As a result, the decline in the price of HEYTEA products not only improves the competitiveness of its brand but also ensures the stability of quality.

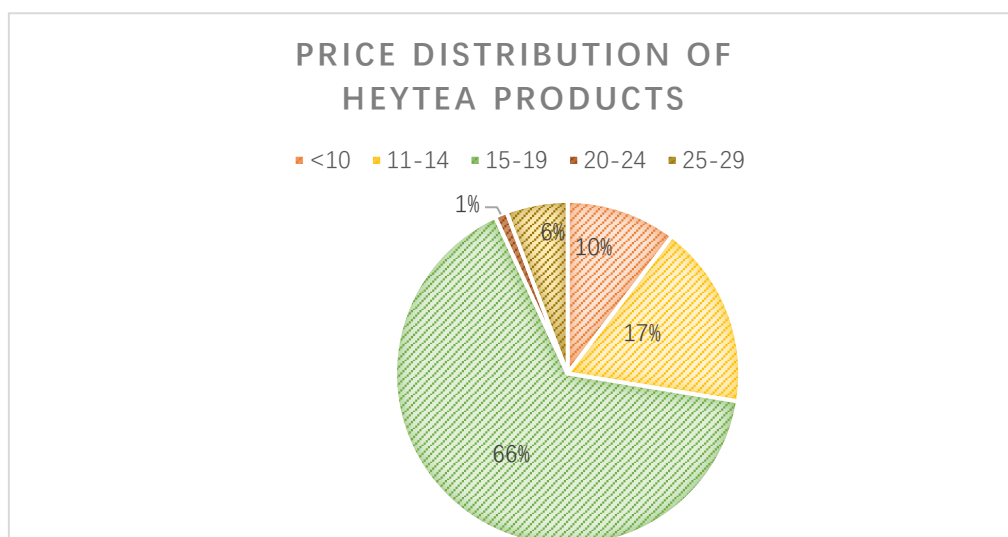


Figure 1. Price Distribution of HEYTEA Products

3.3. Place Strategy

HEYTEA's marketing place is divided into two parts: online and offline. Offline stores are mainly distributed in first and second-tier cities, especially at the core business circle, because of the large flow of people and superior geographical location, which could attract more potential customers. Moreover, HEYTEA's unique decoration style and eye-catching LOGO provide highlights for offline sales, attracting many consumers to stop and queue up to buy. In July 2023, the total number of HEYTEA stores has exceeded 2000 stores, entering more than 240 cities, and more than 160 cities have opened their first store in the new city in the past six months. HEYTEA's offline stores adopt a concise style, using lots of white and wood elements to create a bright and simple atmosphere [6]. HEYTEA offline stores also focus on humanized service facilities, providing customers with comfortable and spacious rest areas for having meals, as well as convenient infrastructure such as free Wi-Fi and power banks. On the other hand, the online stores of HEYTEA mainly focus on HEYTEA Go, which is a WeChat Mini Program where people can order their drinks. The advantages of HEYTEA Go are convenient and efficient because consumers can order their drink from a long distance away from the offline store and eliminate the trouble of queuing. Besides, HEYTEA Go also

provides efficient delivery services, which improves HEYTEA's operational efficiency. The diversification of place helps consumers enjoy HEYTEA's quality services in various scenarios, and then laying a solid foundation for the future development of HEYTEA.

3.4. Promotion Strategy

3.4.1. Co-brand promotion

In its promotion strategy, HEYTEA cooperates with many companies through co-branding and organizes offline-themed events. Based on maintaining the uniqueness of its products, it adds the exclusive design of the focus topic to achieve an immersive sensory experience [7]. On March 13, 2024, the joint activity of HEYTEA and the popular interactive love mobile game "Light and Night" was officially launched, and HEYTEA launched a series of products, peripherals, and theme store activities around the theme of "Pure Pledge, Joy in Love". The packaging of the co-brand drinks adopts a white customized cup, which simultaneously reflects the role image and name, and the customized hollow cup set is combined with the bronzing process to further reflect the elegance and solemn texture of the oath. In addition, HEYTEA also launched a collection of characters that suit the formal shape of the white Valentine's Day theme co-branded paper bags, and thermal bags, to create a more complete co-branded drink experience. By attracting fans of "Light and Night", HEYTEA has further enhanced its brand awareness, and thus better integrating into the lives of contemporary young people and forming a more three-dimensional brand image.

3.4.2. Hunger promotion

Whether the original cheese milk cap that originated a decade before or the current co-branded product, the continuous innovation and renewal of HEYTEA products have created a scarcity of products. Through the strategy of creating hunger marketing, HEYTEA creates a scene of shortage of supply for consumers. Therefore, compared with some co-branded products and limited products, HEYTEA deliberately reduces the output to grasp consumer psychology, which further enhances the popularity and competitiveness of the brand. However, hunger marketing should be controlled within a reasonable range, otherwise, it will cause consumer aversion and lead to negative effects such as customer loss and brand damage.

3.4.3. Scene promotion

HEYTEA not only gives consumers a high-quality experience in taste but also brings sensory impact in sight and sound. In the co-brand activity of "Light and Night", HEYTEA gives consumers a more personal consumption experience through the decoration of offline theme stores. In some stores, in addition to buying co-brand products, some fans of "Light and Night" will also take photos with the characters in front of the store, or cosplay the characters in the game. The above activity venues created by HEYTEA, and the spontaneous participation of customers are enough to prove that co-branded activities allow customers to enjoy a fresh and unique experience [8]. At the same time, consumers are also sharing their collection results and punching experiences through social media, setting off a new trend of collecting peripheral and offline punching cards, which further expanded the influence of the HEYTEA brand.

3.4.4. New media promotion

As a well-known brand, HEYTEA attaches great importance to the operation of social media and establishes interaction with consumers through regular content updates. HEYTEA has also set up accounts on various social media, such as TikTok (mainland version), RED, Weibo, and WeChat Channel, and has accumulated more than 4 million fans on the whole social network. To attract the attention and engagement of customers, the information about the latest products published by HEYTEA on different social media must be new and interesting [9]. HEYTEA has sent funny short videos and GIFs and even hosted online events, such as raffles, which role to promote new products or celebrate special holidays. Such personalized promotions and events not only increase consumer engagement but also facilitate interaction and feedback between HEYTEA and the brand. In addition,

HEYTEA works with influencers on social media, using their page view to increase the brand's visibility and influence. Such collaborations include live online delivery, product evaluation videos, and co-video promotions, while HEYTEA expands its brand's social media presence through partnerships with influential individual bloggers and teams.

4. Optimization Recommendation

4.1. Product Optimization

In the case of the increasing number of brands in the tea industry, HEYTEA's products are seriously homogenized with other brands, and the opportunities for imitation are greatly increased. Therefore, an important factor in the development of HEYTEA is inseparable from product differentiation. First, HEYTEA can produce specific products for specific groups, such as mini-sized cups for children. Under the condition that children do not waste the drink due to too much weight, they can also taste the new products and hot products of HEYTEA. In addition, 0-calorie drinks can also be made for special consumers with body anxiety, which could give consumers psychological comfort, so that they feel more at ease to enjoy the drink without worrying about the negative impact on their weight [10]. On the other hand, HEYTEA has been exposed to food safety hazards, a store clerk in Shanghai took the wrong drink, which is the contents of a non-food sample to the customer, and this led to the customer, Ms. Chen, being admitted to the hospital for gastric lavage after drinking it. In response to the incident, the company issued a statement saying that it sincerely apologizes for the discomfort and painful experience brought to Ms. Chen, and hopes to provide all support and the sincerest compensation. Therefore, while creating new products, HEYTEA also needs to improve the vigilance of enterprises on products, to maintain brand reputation and consumer trust and reduce unnecessary expenditures.

4.2. Market Optimization

At present, HEYTEA's sales market is mainly targeted at first and second-tier cities, and in general, the market is too centralized. Therefore, HEYTEA should conduct a survey on third-tier cities, such as investigating the actual demand of urban consumers, including the demand for store location, price, and distribution, and expand the market scope in a targeted way to effectively occupy the market share of third-tier cities. In addition to the expansion of the third-tier market, HEYTEA should also expand beyond urban centers or centralized business districts. These areas also have a large number of residents, but because of the distance from the commercial center, online and offline ordering is difficult. If HEYTEA can expand its offline stores to areas outside the business circle, it will choose the nearest tea as the first purchase intention, thus increasing the sales volume of HEYTEA. At the same time, it will become more convenient for consumers to buy online. This is because it can reduce the expenditure compared to the store which is far away. Since some distant stores require a minimum purchase for delivery, consumers sometimes end up buying more products than they actually want, resulting in additional spending. Therefore, there is still a large room for development in terms of market positioning, and the research on consumer demand should be more in-depth.

4.3. Delivery Optimization

With the development of the internet, more and more consumers choose to order online. Although delivery has brought people a lot of convenience, the distance is too far so the taste of the drink is reduced, and the consumer experience is greatly reduced. For example, when consumers receive the delivery of HEYTEA products, some icy smoothies even already melted, and the taste is greatly reduced. Like cold drinks, the temperature of the hot drink consumed by the consumer drops significantly compared to the temperature at which it was delivered. At the same time, in the process of delivery, there are also cases of milk tea flowing out due to uneven distribution, which leads to cracks in the plastic cover of the cup. This is not only irresponsible to consumers, but also a waste of food. To solve the above problems, the optimization of delivery routes and the update of takeaway

packaging are particularly important. HEYTEA should use route planning software or algorithms that consider traffic conditions, distribution point locations, and delivery characteristics to optimize distribution routes and reduce travel distance and time costs. On the other hand, for drinks that need to maintain temperature, packaging with a thermal insulation function should be selected, such as aluminum foil lining or thermal insulation packaging. In addition, the packaging is designed to meet different food types, such as suitable for coffee-sealed cups. Therefore, HEYTEA can enhance customer experience by enhancing the quality and functionality of takeaway packaging, while strengthening brand image and marketing effectiveness.

5. Conclusion

Since the establishment of HEYTEA in 2012, after more than ten years of development, it has gained a certain position in the new tea industry and attracted a wide range of consumers. Based on the analysis of brand positioning and marketing strategy, this paper points out the deficiencies in the current operation of HEYTEA and puts forward optimization suggestions for the defects in market, product, and delivery. In a nutshell, in the homogenized competitive environment, the way to the development of HEYTEA faces great challenges, and its exploration way which is full of innovation is also more worthy of attention.

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