

Analysis of Nongfu Spring Brand Marketing Strategy Based on Changes in Consumer Behaviour During the Epidemic

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Abstract. The current epidemic has significantly changed consumer psychology, consumption habits and demand structure, and brand competition is becoming increasingly intense. Bottled water brands need to make a series of adjustments to their marketing strategies to better adapt to the new market environment. As a leader of bottled water brands in China, Nongfu Spring's successful marketing techniques and potential problems during the epidemic are worthy of attention and reference. This paper uses Literature research, survey method and Interviews to analyze the changes in consumer behaviour caused by the epidemic and the impact of such changes on China's bottled water brands. Finally, we analyze the marketing techniques and potential problems of Nongfu Spring and propose solutions. This paper aims to advise bottled water brands to help them adapt to changes in market demand during the epidemic, achieve higher economic returns, consolidate their brand image, and help the healthy development of bottled water brands in China.

Keywords: Brand, Marketing strategy, Consumer behaviour, Epidemic.

1. Introduction

1.1 Research background

Under the epidemic's impact, the domestic beverage industry suffered a cold winter in 2020, with annual domestic beverage production declining 7.7% from a 7% increase in 2019 to 2020. Nongfu Spring's annual revenue in 2020 showed the first negative growth in seven years. According to the 2020 financial report, Nongfu Spring's yearly revenue was 22.877 billion yuan, down 4.8% year-on-year (compared to the same period the previous year) [1]. However, with the national epidemic gaining momentum, Nongfu Spring's annual revenue for 2021 showed an incredible reverse growth of 30% year-over-year [2]. From late 2019 to date, consumer behaviour habits have changed significantly beneath the influence of the epidemic. The lack of ready-to-drink consumption scenarios has led to the restricted consumption of relatively high-priced tea drinks, sports drinks, and fruit juices while also exposing the apparent optional consumption attributes of Nongfu Spring's products, except for packaged water. It hurt the business performance of Nongfu Spring nationwide. Nongfu Spring was able to re-adapt and reuse the market after one year without its continuously adjusted brand marketing strategy. It provides good material for the research application of brand marketing strategy. The sudden change in the market environment requires new and old brands to open their minds and find new marketing points. The impact of the epidemic continues today. Analyzing the change in Nongfu Spring's brand marketing strategy from the perspective of the change in consumer behaviour during the epidemic, and summarizing the lessons learned by Nongfu Spring in the past two years, will be helpful for bottled water brands and even some food and beverage brands to adapt to the market changes during the epidemic and even in the future post-epidemic era. Such research is also beneficial for brands to meet consumers' needs better and consider the reform of supply from market demand, which can contribute more to economic development.

1.2 Literature review

After the epidemic outbreak, the research results on the changes in consumer behaviour and psychology provide an essential basis for brands to adjust their marketing strategies and tools. Under the influence of the epidemic, Song proposed that many typical consumption behaviours emerged,

including irrational consumption behaviours such as herd consumption and scarcity consumption, as well as changes in health consumption and experience consumption, which were influenced by the epidemic. Based on the two dimensions of “the temporality of the impact of sudden public health events” and “the social and personal attributes of consumption behaviours,” the researcher investigated the impact of sudden public health events on the four types of typical consumption behaviours through four empirical studies, taking the above four types of epidemics as the research objects [3]. In addition, the online and offline consumption patterns are also very different. Szymkowiak, Andrzej, et al. analyzed how perceptions of in-store virus infection affect emotions in decision making and how they further influence consumer actions to control the situation in the store. The relationship between in-store infection risk, feelings, and in-store behaviour was also investigated [4].

Meanwhile, due to the expansion of online shopping, the way to sell goods through online shopping and live-streaming is also a significant factor influencing consumers’ consumption habits. Huang and Qi used the live-streaming behaviour of Xiaomi during the new crown pneumonia epidemic as an example of the mechanism of consumer purchase behaviour formation during live-streaming by netizens and the role of live-streaming in the epidemic environment to improve the performance of the company. The researchers found that the magnitude of brand market performance improvement by live-streaming was more significant during the epidemic than that before the epidemic [5]. Therefore, the market is currently very concerned about the dynamics of the major brands and is constantly digging into ways for brands to adapt to the changing environment. Xu and Sun report that bottled water brand development is focused on improving category segmentation and establishing a personalized brand connection with consumers [6]. At the same time, Xu concludes that a well-established brand should make a flexible choice between industry and category-limited brands. Start-ups should try to choose personality brands to design top-level brand models and avoid being limited [7]. In numerous academic studies, most scholars have studied the competitive thinking of brands in the bottled water industry mainly through comparisons between brands. Very few scholars have specifically studied the adjustment of their brand strategies to the changes in consumer behaviour, using a successful brand as an example.

1.3 Research framework

Therefore, this paper will do a study in this area. This paper will first study the impact of the epidemic and domestic epidemic prevention policies on consumer consumption habits and psychology. Then, this paper will discuss the differences in consumer psychology in two scenarios: physical shopping and online shopping. Second, the opportunities and challenges such changes bring to packaged water brands will be discussed. After that, the paper will investigate whether the marketing behaviour of Nongfu Spring since the outbreak has adapted to the changes in the environment and where its strengths and weaknesses lie. Finally, reasonable suggestions will be made for the marketing activities of Nongfu Spring.

2. Methods

2.1 Literature research

The literature research method is to read through, analyze and sort literature to identify the essential attribute of materials. This paper will begin with a topic and hypothesis that will analyze, organize, or re-categorize the relevant literature into research ideas based on existing theories, facts about consumer behaviour phenomena, and research needs. Secondly, this paper will conduct a research design to establish the objectives of each phase of the study. These include the impact of the epidemic on consumers’ brand-following behaviour, the impact on consumers’ information acquisition behaviour, the impact on consumers’ shopping channel choice, and the impact on consumers’ first-trial behaviour. After that, design the content of the research on consumer behaviour and psychology into specific, actionable, and repeatable literature research activities. After that, the

literature will be collected, organized, and reviewed to derive several phenomena and trends that have had the most profound impact on the packaged water industry.

2.2 Survey method

The survey method refers to the research method of directly obtaining relevant materials through investigating and understanding objective situations and analyzing these materials. That is the research process using surveys that researchers send to survey respondents. The data collected from surveys is then statistically analyzed to draw meaningful research conclusions. In this paper, we will select the expected marketing behaviours of Nongfu Spring during the epidemic and determine different research objectives for their different forms and characteristics. Next, a consumer feedback survey and data collection will be conducted. Among them, user feedback will be collected through questionnaires and single-person interviews with typical consumers. The survey sample will cover all age groups, and the sample size will be adjusted according to the age distribution of Nongfu Spring's audience. Afterwards, the materials will be organized, and the results will be presented in charts and text. By comparing and analyzing the survey results with consumer behaviour, the marketing ideas of the brand will be summarized. Finally, an evaluation of the marketing techniques of Nongfu Spring will be formed.

2.3 Interview

Interview a personal face-to-face conversation or a dialogue between the investigator, interviewer, and interviewee. Alternatively, it is a process of social interaction between interviewer and interviewee. First, the researcher will refer to the brand's persona to select the typical consumers of Nongfu Spring. They usually have knowledge and concern about the brand's marketing as the respondents. Then, interviews will be conducted using a combination of guided and non-guided interviews. The interviewer will decide the main direction of the interview, while the interviewee's responses will prompt the interviewee to provide information about the survey topic. Here, the researcher will prepare some open-ended questions related to the brand and give the respondents some non-biased prompts to help them think deeply. The respondent is given a free environment to freely express his evaluation of Nongfu Spring's marketing approaches and perceptions of the brand and get straight to the point.

3. Results

From the end of 2019 to now, the brand landscape of China's domestic beverage industry, in general, remains stable. Benefiting from the enhanced health awareness of the population, accelerated urbanization, consumption upgrade channels, and increasingly diversified channels, China's packaged drinking water industry is continuing to maintain a sound boom. At present, the domestic bottled water market has entered a mature period. The market size growth rate is stable. Data show that in 2020 the impact of the new crown pneumonia epidemic led to a specific impact on the output of the bottled water industry. However, in 2021 the industry output steadily rebounded. In terms of product categories, according to Statista data, bottled mineral water is gradually decreasing its share in the revenue of the non-alcoholic beverage market in China. Still, it occupies the largest share of the beverage market [8]. However, the market share of various products has changed significantly due to changes in consumption scenarios. For example, the sugar-free beverage, sparkling water, and ready-to-drink tea markets continue to expand due to the "home" economy. Due to the decrease in outdoor sports production, the popularity of traditional carbonated beverages for functional drinks has stopped growing or even declined.

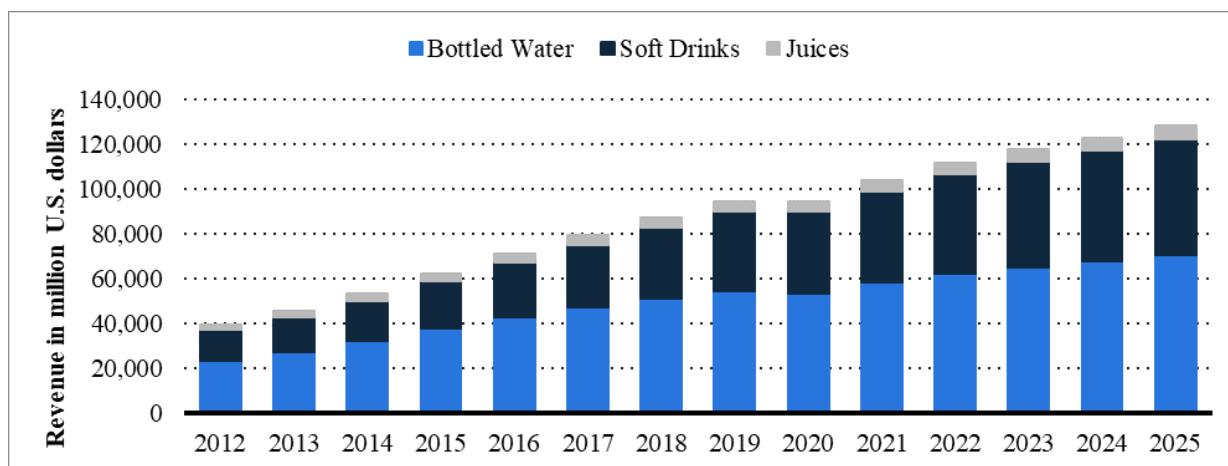


Figure 1. China: revenue of non-alcoholic drinks 2012-2025, by type [8]

With the normalization of epidemic prevention and control, residents' consumption behaviour and decisions will be affected by the development of the epidemic and epidemic prevention measures for a long time. iiMedia Research data show that 67.4% of respondents believe that the epidemic impacts personal consumption [9]. Among them, more than 80% of respondents believe that the epidemic has influenced their consumption perceptions, and 61.3% believe that the epidemic has influenced their preference for the origin of consumer products. More than half of the consumers believe that the epidemic has changed their consumption intentions and preferences. According to the "2020 New Crown Epidemic Consumer Behaviour and Trends Report" released by EZ-Tracking consumer insights and digital marketing platform, during the epidemic, people paid more attention to consumer peace of mind. They significantly increased their spending on promoting self-improvement and empowerment. The willingness to consume goods in categories such as epidemic prevention and cleaning, food and grain, medicine, and health care is more vital. Consumers are not just looking for self-preservation at this stage but generally, show love and care for others and tide over difficulties together. They are willing to donate to help others, are happy to adopt healthier and more civilized consumption methods, and can accept temporary price increases of a reasonable range during extraordinary times.

According to a survey conducted by Peking University Guanghua School of Management in 2022, in terms of difficulties encountered in consumption, difficulties related to safety needs are at the top of the list, including fear of buying counterfeit protective products, fear of infection in physical stores, and shortage of supply of protective products. In these three areas, 58%, 55%, and 53% of the respondents felt "obvious" or "great difficulty", respectively [10]. At the same time, the report "Impacts and Trends of Consumer Behaviour in the New Epidemic 2020" points out that the epidemic has impacted consumers' consumption channels. As going out is somewhat restricted, consumers' purchase channels during the epidemic are mainly offline. Only offline channels such as new retail and community supply and distribution services stand out. From the data, the top three channels that consumers increased their use were online supermarket applications. Vertical e-commerce platforms and other vertical life service platforms include such as Daily Fresh, Jingdong Home, Dingdong Fast Medicine, and Dingdong Buy Grocery. The use of community WeChat order online channels also increased greatly; the use of slightly weaker growth was comprehensive e-commerce platforms, such as Taobao, Jingdong, and Pinduoduo. In addition, residents' time spent on all types of online entertainment rose significantly during the epidemic. Accordingly, during the epidemic, the E-commerce platform and television remained the mainstream channels for consumers to learn about disseminating market information [8, 11].

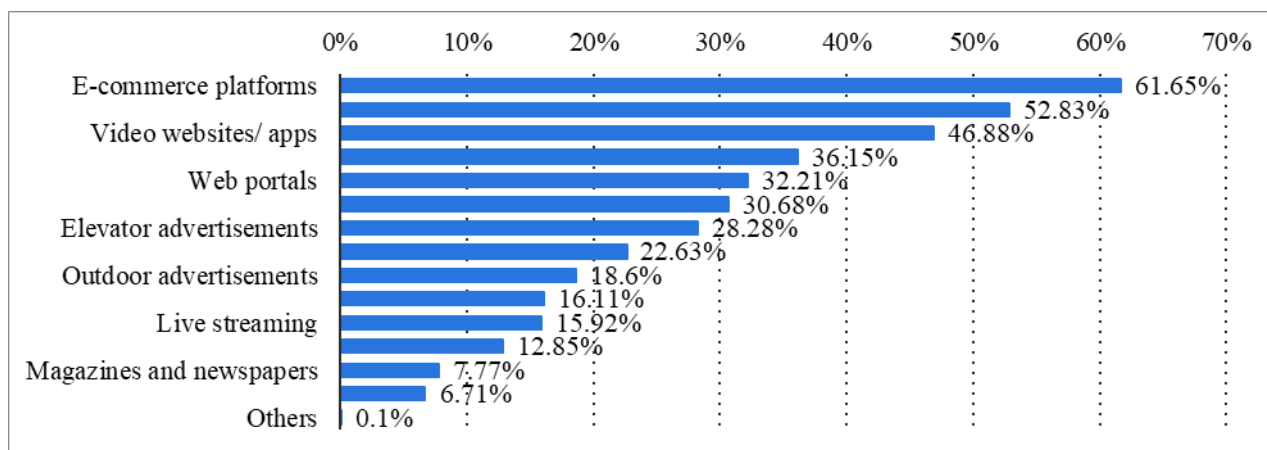


Figure 2. Leading channels to get information on beverages in China 2020 [8]

For the bottled water industry, first, regarding product attributes, the rigidity of bottled water was tested by the new crown epidemic. According to the final data of Nong Spring's half-yearly report in the first half of 2020, bottled water has many optional consumption attributes compared to soy sauce, bread, yeast, squash, and noodles. Among them, packaged drinking water products in the first half of revenue of 7.102 billion yuan, a slight increase of 0.72% year-on-year, showing a part of the rigidity of demand for essential consumer goods [1]. Secondly, under the epidemic, the rise of the home economy, consumers paid more attention to non-contact, non-door-to-door shopping. With the cultivation of self-help to buy water consumption habits and increased health awareness, packaged water consumption scenarios were expanded to household water, bottled to barrel progression. During the epidemic in many places, to prevent cross-infection, use of barrels of water recommendations were issued, promoting the upgrade of barrels of water to disposable medium and ample packaging water. For example, the Beijing Packaged Water Association, Zibo epidemic disposal leading group, and Kunming Consumer Association on how to regulate the barrel of water issued a related regulation or guidance. This includes the barrel of water only sending water, not returning the barrel, and promoting the use of disposable ample packaging water.

Therefore, for Nong Spring, the following issues must be solved or optimized during the epidemic. First, the purchase channels need to be broadened. In the questionnaire survey, most consumers bought Nongfu Spring products in supermarkets and convenience stores before the outbreak. However, during the epidemic, consumers shifted their consumption from offline to online. Compared to comprehensive online shopping APPs like Taobao and Jingdong, the two specialized ordering channels, Nong Spring Water Delivery to the House App and Nongfu Spring Official WeChat Public Number, is more convenient to order, with more benefits and more timely delivery. However, due to the low penetration rate and the lack of services, the two channels have not played their proper role on a large scale. At the same time, Nong Spring has not publicized the two special purchase channels enough, and consumers' understanding of the channels is low. Secondly, Nong Spring should incorporate family scenarios and health concepts into promoting its products. This may require a break from the original marketing that Nong Spring has been doing and implementing new ideas in advertising and marketing campaigns that cater to the emotional and health needs of the public during the epidemic. Finally, as Stephens stated, when the New Crown Pneumonia crisis is finally over, consumers will not start looking for brands they hope they can trust. Based on previously observed behaviour, they will choose brands they already believe they can trust [12]. Nong Spring should establish a good brand image for itself during the epidemic and enhance consumers' trust.

4. Discussion

During the epidemic, some successes and issues needed attention in the brand's marketing by Nongfu Spring. In terms of brand marketing, Nongfu Spring continued to market the brand by origin

while successfully developing a new marketing context. This article will illustrate the details with case studies.

Since 2021, Farmer’s Spring has launched “Changbai Snow” mineral water and started to focus on promoting its Changbai Mountain water source. The brand launched a series of natural geography documentaries with the theme “What kind of water breeds what kind of life,” as well as accompanying print ads. The packaging also features the wildlife of Changbai Mountain, with dark blue and silver as the primary colours, using the ecology of Changbai Mountain to imply that the water is of good quality. As early as 2015, Nongfu Spring had designed an illustrated version of student water packaging with Changbai Mountain as the theme. Nowadays, the promotion of Changbaishan is different from the previous cute and fresh style, but a more high-end atmosphere. Such a box advertisement responds to consumers’ concerns about the quality of food and beverage products and their origin during the epidemic. It can make consumers feel the authenticity of the propaganda and believe that the water source of Changbai Mountain can nourish life.

At the same time, the series of ads placed by Nongfu Spring in Guangzhou subway lightboxes, “Sip water in 15 minutes to keep your throat moist”, took advantage of the epidemic to promote its brand. The brand started by creating value for consumers, not by promoting the product’s merits but by spreading the word and cultivating consumers’ consumption habits. The advertisement cites the recommendations of scientific research institutions on drinking habits. It indicates the sources, all well-reasoned and objective, which helps to establish the authoritative image of Nongfu Spring in a situation where rumours are spreading in all walks of life for personal gain.

However, there is also a need for improvement in the marketing of Farmer’s Spring products. Nongfu Spring should stick to its style and characteristics and maintain an innovative attitude in the face of changing consumer needs and increased competition in the industry. Due to the rapid increase in consumer demand for sugar-free sparkling water during the epidemic and the success of the Yuanqi Forest brand, Nongfu Spring also launched sparkling water products to broaden its category. However, Nongfu Spring followed Yuanqi Forest’s classic sugar-free sparkling water to a certain extent. Firstly, Nongfu Spring uses the same marketing concept of “0 sugar, 0 fat, 0 calories” as Yuanqi Forest. Secondly, Nongfu Spring sparkling water adopts the same Japanese packaging style as Yuanqi Forest; finally, Nongfu Spring sparkling water also imitates Yuanqi Forest sparkling water in terms of taste. After the questionnaire survey and statistics, 74% of consumers think there are many similarities between Nongfu Spring sparkling water and Yuanqi Forest, and 32% of consumers think that such imitation will affect the brand image of Nongfu Spring in their mind. Therefore, Farmer’s Spring should try to stick to its style and originality in its promotion otherwise. It will reduce the stickiness of users. The success of Yuanqi Forest is since it combines two common but unrelated concepts: “soda” and “0 sugar, 0 fat, 0 calories”. Then Nongfu Spring can learn from the marketing ideas of Yuanqi Forest sparkling water. For example, combine the sound categories of Nongfu Spring with the current popular beverage categories and the Nongfu Spring tea series with sparkling water.

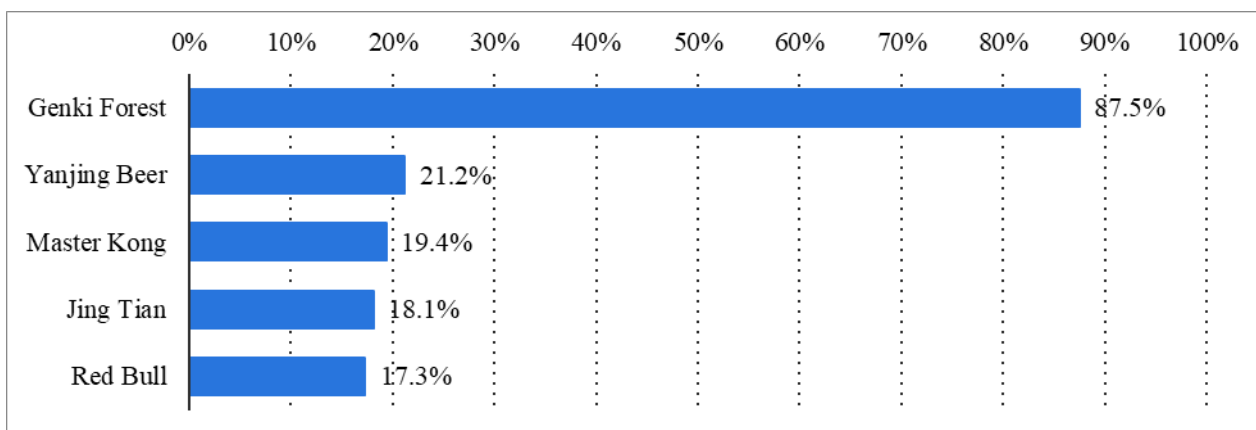


Figure 3. Leading energy drinks brands in China 2020, based on offline sales share [8]

Finally, regarding purchasing channels, the vertical sales channel of Nongfu Spring online during the epidemic (Water Delivery to House App) needs to be promoted. After the emergence of the epidemic, Nongfu Spring is facing increased consumer demand for large-size barrels of water, increased barriers to offline purchases, and the potential for long delivery times and expensive shipping costs from integrated e-commerce platforms. Therefore, at this time, Nongfu Spring should fully use the already established online vertical purchase channel. According to the questionnaire, vertical purchase channels such as “Water to the House App” have been established for a long time. However, the market penetration rate is not high because consumers were used to supermarkets before the epidemic. About 63% of the survey respondents said they had never heard of the app, of which about 26% said they had a long-term need for drinking water at home/work and were willing to try it. Another 9 percent had at least one experience with the app, and some of them thought that the service attitude was terrible and not in line with the brand image of Nongfu Spring in their minds. Therefore, the questionnaire results show that most consumers are willing to try new ways to buy water due to brand awareness, so the revival of the Water Delivery App is feasible. While the brand needs to strengthen consumers’ understanding of this purchase method through advertising, it also needs to optimize its service management to change the current poor reputation of consumers for this channel. To solve the problem, this paper argues that the advertising promotion of the Water Delivery App can be based on its advertising film “The Last Mile,” launched in 2016, combined with the slogan “We do not produce water, we are just the porters of nature.” It tells the story of the work and life of the water delivery workers in the city of Nongfu Spring and shows the positive work attitude of the employees in the campaign. On the one hand, this can arouse consumers’ memories and sentiments, and on the other hand, it can also promote the brand culture of Nongfu Spring.

5. Conclusion

5.1 Findings

This article analyzes the current development of China’s bottled water industry and the epidemic’s impact on consumer behaviour. The main body focuses on bottled water’s behavioural and psychological changes. It is found that consumers pay more attention to healthy consumption during the epidemic, change their purchasing channels and find it challenging to purchase, and show a sense of justice in their purchasing behaviour to care for others. They prefer large-size barrels and sugar-free drinks in packaged water consumption. Secondly, the paper goes on to analyze the problems revealed by Nongfu Spring during the epidemic, including the lack of specialized purchasing channels and the need to keep up with the times in brand promotion concepts. The article concludes with an analysis of the excellent marketing techniques used by Nongfu Spring during the epidemic and makes suggestions for potential problems with the brand.

5.2 Research significance

This paper proposes solutions to the problems that arise from the low utilization of Nongfu Spring’s specialized sales channels and how individual product marketing concepts are similar to those of other brands. This is conducive to helping Nongfu Spring optimize its marketing methods during the normalization phase of the epidemic, maintain and consolidate its brand image and win consumers’ trust. At the same time, analyzing Nongfu Spring’s excellent marketing methods during the epidemic can provide other drinking water brands learn from the marketing ideas. Ultimately, this paper aims to discuss how China’s bottled water market can develop positively during the epidemic so that China can cultivate more excellent drinking water brands to meet consumers’ needs better.

5.3 Limitation

However, this paper also has some limitations. The number of interviewers in the primary data of this paper is relatively small, and the sample size of the questionnaire is only 500 people, so the

sample size is small, and the consumers' living places are relatively concentrated so that the results may be more inaccurate. In the future, a more extensive survey should be done, and the sample should be evenly distributed in large, medium and small cities and villages to get more accurate results.

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