Research on Market Positioning Analysis and Marketing Strategy Optimization of Nongfu Spring

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Abstract. As time passed, current current market positioning compared to before and some latent problems. After people’s preference for the drinking market changed significantly, causing all brands to pay attention to face this change to keep their status in the drinking market. In addition, because of the covid 19, many brands were impacted and went bankrupt, raising the alarm to other brands to make up for their potential problems and avoid bankruptcy. As the problem occurs, ensuring market positioning and thinking about optimal market strategies are significant for brands to run their business. By using the survey, interview, and case study method, readers can directly see the collecting data and have a primary prediction of the topic. Followed by analyzing Nongfu Spring’s ting out three questions of unimpressive packaging, future development, and changing influencers, several optimal solutions are given. In conclusion, by reading this article, the reader can notice the importance of creating a clear market positioning for a brand, whether the brand is a new brand or an old brand, and know several problems that running the brand may meet and the suggestions to solve.

Keywords: Nongfu Spring, Market positioning, Potential problems, Marketing strategy.

1. Introduction

1.1 Research background

This article talks about the analysis of Nongfu Spring’s market positioning and research on its optimized marketing strategy. As an old brand founded in 1996, Nongfu Spring has left an indelible impression in people’s hearts just by relying on bottled water. In addition, according to the data from Nongfu Spring’s official website, Nongfu Spring’s other products, such as tea beverages, functional beverages, and juice beverages, also sold well, helping Nongfu Spring’s retail sales to be the top three Chinese beverages marketing [1]. Compared to other bottled water brands, Nongfu Spring focuses on the quality of the water, strictly adhering to a “natural and healthy” philosophy, and avoiding adding tap water or other artificial mineral substances. To obey its philosophy, Nongfu Spring uses ‘we don’t produce water, we are just nature’s porters.’ Its slogan to deeper show its marketing positioning is to produce high-quality water. However, Nongfu Spring can only keep it has status in the drinking market without any improvement. Thus, this article is going to analyze whether Nongfu Spring changed its marketing positioning and which strategies could be the optimization to lead Nongfu Spring to be better. In addition, because of the natural quality of Nongfu Spring, people trust Nongfu Spring and buy its products. However, many brands have started advertising their health and natural products. In this situation, how Nongfu Spring can keep its status in the drinking market and improve itself to get more profits becomes a problem for Nongfu Spring to focus on.

1.2 Literature review

Lu found that with the coming of the 21st century, people’s life became no longer safe from eating many addictive foods. For example, the chicken people buy is grown on hormones, the milk is added with industrial raw materials, the street store uses waste oil, and some of the water people drink tap water. This kind of food seriously impacts people’s lives, causing people to put food quality as the top element to choose the products. At this time, Nongfu Spring’s slogan of ‘we don’t produce water, we are just nature’s porters’ occurred in the market with the advertisement. This advertisement showing its bottled water using the water source Taibai Mountain and the video of the daily work of
a water mover on the “Taibai Mountain line” emphasizes the beauty of Taibai Mountain and the high-quality nature water source Nongfu Spring used. Nongfu Spring’s impressive advertisement and slogan leave a natural and green impression on people and win people’s trust to buy Nongfu Spring’s products [2].

Furthermore, not only does Nongfu Spring obey its principle of producing healthy drinks, but it also cares about the health of Chinese citizens. For example, as Sina news posted, Nongfu Spring immediately donated about 5 million bottled water and about 5 million money to support the earthquake-stricken area of Ya’an Sichuan Province. Although the Ya’an had a difficult situation due to the high-level earthquake, the support of water sources and money helped Ya’an people get better living conditions and ride out the storm. Thus, as a brand, Nongfu Spring’s image has impressed people and indirectly reinforced Nongfu Spring and its customers’ relationship. Moreover, it attracts more people to buy Nongfu Spring, which reinforces Nongfu Spring’s market positioning and helps it to get more market share [3].

Only noticing the market position is insufficient, a good company leader must also test the best way to run the business. Li proposed several methods about how to run the business successfully. First, increase brand awareness to attract more customers. After founding the suited positioning, the brand must consider packing design to impress people first. With the clear market positioning and impressive packing design, people more easily notice the brand. In addition, having a high awareness of this brand helps the brand win consumers’ trust, guiding them to buy its products. Second, strengthening products’ perceived quality. Since people are concentrating more on the quality of the products than its other factors, if the brand sells products without high quality, even if this brand has high awareness in the market, people are still not willing to buy this brand’s products. Therefore, having a survey and interviewing the customers to find the drawbacks of the brand and depend on the mistake to improve is important for the brand to be better. Third, enforcing brand associations. For example, because Nongfu Spring had done many public activities, helping many suffering area people, the brand had a positive image of social responsibility. Therefore, while people think about the care of the public, Nongfu Spring’s image may appear in their minds and lead them willing to buy its products. Finally, increasing brand loyalty. Since not only does the brand need to attract new customers to buy its products, it also needs to keep its original customers. There are several advantages for the brand to keep its original customers. At first, original customers had already built a relationship with the brand, which means compared to new customers, they are more easily buy this brand’s products. Moreover, because of the loyalty of the original customers to the brand, this group of consumers are willing to advertise the brand to their friends and encourage their relatives to buy the brand’s products. Thus, the way for the brand to keep the customers’ loyalty is to listen to their customers’ suggestions, collect the customer data to adjust the production strategy, and build a closer relationship with its customers [4].

In contrast, many authors are researching how to solidify the brand and attract more customers. This article goes on to research whether Nongfu Spring should change its market positioning first, listing several methods for Nongfu Spring to attract more customers and fix its potential mistakes. The end of the article will list the problems which Nongfu Spring can not solve recently and give personal suggestions about how to fix them.

2. Methods

2.1 Survey method

The survey and questionnaire methods mean obtaining relevant resources through investigation and objectively analyzing these materials. Through the questionnaire, about 200 people are loyal customers of Nongfu Spring. This paper will analyze the several reasons why the 200 people are willing to be loyal consumers of Nongfu Spring. For example, which parts of Nongfu Spring did well and got their trust, and which potential problem occurred in Nongfu Spring they vote. In addition,
after collecting the data, this paper will focus on the selling strategy of Nongfu Spring according to the trend of products that customers bought.

2.2 Interview method

The interview method means having a formal meeting at which someone asks questions to find the answers someone wants by directly asking the interviewer questions and obtaining the personal opinion of the brand [5]. Through the interview, the investigator easily gets the most direct information about the brand and deeper acquired information. By quoting the sentence of the interviewer, this paper will clearly show the real Nongfu Spring customer’s opinion about Nongfu Spring and according to real customer’s ideas to find the optimized market strategy.

2.3 Case study

A case study is to analyze a specific case by analyzing the case’s data and comparing the case’s beginning and final results to get a result. For example, this paper is going to talk about how Nongfu Spring choose the producing direction producing nature mineral water instead of pure water. By analyzing the sales retail of Nongfu Spring’s products before Nongfu Spring changed its production direction and after the change, readers can directly feel whether Nongfu Spring made a great decision or not. In addition, does finding a clear selling direction effectively help the brand build a positioning in the market or not?

3. Results

Although Nongfu Spring’s products selling in the offline stores decreased in 2020 because of the covid 19, it quickly changed to the online store to deliver bottled water to every family and even discovered a new target group of family numbers. With the discovery of a new target population, Nongfu Spring became more public, further corresponding to its marketing positioning of caring for the public and bringing healthy water to the public. The introduction of a new target population also made up for the 2020 loss of Nongfu Spring and added additional revenue for it [6]. To ensure the market positioning of Nongfu Spring, there is a survey of 234 persons about whether they drink Nongfu Spring in their daily life. And there are about 200 people who choose they are loyal customers of Nongfu Spring and drink its products in their daily life. The data shows that the top three reasons for choosing Nongfu Spring to drink are good taste, cost performance, and product quality. In addition, about 96 people think the product quality is the most significant factor for choosing Nongfu Spring as the first choice for a drink. Then 94 people consider not only Nongfu Spring sales cheap but with high quality for them to enjoy, and about 82 persons think the taste of its products is great. The data directly shows in Table 1 that people are focusing more on the quality of the products, which means if Nongfu Spring wants to keep its top positioning in the drink market, it needs to keep its high product quality.

<table>
<thead>
<tr>
<th>Options</th>
<th>Persons</th>
<th>Proportional</th>
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<tbody>
<tr>
<td>Taste good</td>
<td>82</td>
<td>41%</td>
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<tr>
<td>Advertising/publicity</td>
<td>53</td>
<td>26.5%</td>
</tr>
<tr>
<td>packaging</td>
<td>21</td>
<td>10.5%</td>
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<tr>
<td>Product quality(healthy and natural)</td>
<td>96</td>
<td>48%</td>
</tr>
<tr>
<td>Cost performance</td>
<td>94</td>
<td>47%</td>
</tr>
<tr>
<td>others</td>
<td>22</td>
<td>11%</td>
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After understanding why customers choose Nongfu Spring, it is also important to understand its brand perception of Nongfu Spring. The data shows in Table 2 that most people buy the product just while they are shopping without noticing the brand they get before, and the others notice from
advertisements and leave an impression about the brand and buy the products after. The result means that Nongfu Spring needs to moderately increase money on the advertisement of its products and ensure an ample supply of products in the supermarket. Furthermore, the data indirectly reveals that Nongfu Spring’s brand awareness is relatively high in people’s heart and leave an impression on people to associate with water and Nongfu Spring.

<table>
<thead>
<tr>
<th>Options</th>
<th>Persons</th>
<th>Proportional</th>
</tr>
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<tbody>
<tr>
<td>Advertising recommended</td>
<td>109</td>
<td>54.5%</td>
</tr>
<tr>
<td>Celebrity endorsement promotion</td>
<td>13</td>
<td></td>
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<tr>
<td>Friends recommended</td>
<td>14</td>
<td></td>
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<tr>
<td>Go to the supermarket and buy</td>
<td>124</td>
<td></td>
</tr>
<tr>
<td>it oneself</td>
<td></td>
<td></td>
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<tr>
<td>others</td>
<td>19</td>
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The next step in noticing the brand awareness and reasons people buy Nongfu Spring is to deeper study people’s personal opinions about Nongfu Spring. Although Nongfu Spring uses red and green colors to be the primary colors of its logo, which symbolize the balance of nature and wants to impress people at first, some still think its logo is normal without surprise. Interviewer Binlin Zhang emphasizes: “Although I am a loyal customer of Nongfu Spring, without its great quality, I will not buy it anymore, since its normal bottled water packing looks relative low while holding it. If Nongfu Spring can change its packing to a more surprising one, I will encourage my relatives to buy it” [7]. In addition, she also claims that although Nongfu Spring had already launched new products such as Tea π, Vitamin beverages, and scream beverages which have good tastes. It does not improve itself by launching new products and raising its price to make up for the loss. According to Zhang’s ideas, Nongfu Spring reveals several problems that the brand needs to solve immediately.

At the beginning of Nongfu Spring, even though Nongfu Spring put lots of advertisements on TV to broadcast its products, fewer people noticed this brand and bought its products. Because lacking traits for people to distinguish, Nongfu Spring’s early sale retail is extremely low. However, Verma pointed out that recently known or suspected 21 mineral elements may be essential for humans, and about 14 are established as important elements for good health. For instance, the combined Ca, P, Mg, and F affect the bone and membrane structure. Na, K, and Cl impact the balance of water and electrolyte; Zn, Cu, Se, Mg, Mn, and Mo uses to catalyze the metabolic system; Fe impacts oxygen binding; and I, Cr affect hormone functions. Therefore, technically diminishing these elements, pure water may hurt immune defense systems and increase morbidity and mortality [8]. Noticing this kind of article, Nongfu Spring started to find its market position in producing natural mineral water. In addition, the experiment compares which water is better to use by using pure and mineral water to cultivate the flowers and fish. The result is that the goods cultivated in mineral water are better than in pure water. In creating the nature water direction, many media post the news and guide people to notice Nongfu Spring this brand. Although finding a clear market position helped Nongfu Spring to get brand awareness, its real success began with posting many advertisements. For example, ‘The Last Mile’, ‘Lifeline of Taibai Mountain’, ‘One hundred and Twenty Miles’, ‘A days’ vacation’, and ‘One man’s island’, these kinds of micro films help people to deeper notice this brand and buy its products. Posting relative advertisements is the main reason for Nongfu Spring to run its business and set up a clear market positioning about producing natural and healthy drinks [9].

To summarize, Nongfu Spring consumers mainly look at the brand’s quality. Because water, as the source of life for everyone, is a necessity of life. So almost all mineral water brands are relatively cheap. There will not be much difference in their price. To create more favorable conditions, Nongfu Spring must stick to the market direction that attracted customers in the past, health, and nature, to retain its existing customers and find a way to attract new ones. In addition, Nongfu Spring is not limited to an empty concept of popularization but has always been determined this concept to correspond to different target groups. For example, Nongfu Spring has published a series of spring
water about the four seasons of Taibai Mountain to materialize people’s concept of the word nature. Secondly, Nongfu Spring imprints the poems of children in the mountain area on the mineral water bottle to promote everyone to care about the children in the mountain area. Thirdly, it is also about students group series to attract teenagers, tell them that they play an important part in society, they are worthful to have their special series. Fourthly, Nongfu spring launched a series of imperial palaces to introduce the capital of China’s landscape and the magnificent background of the Chinese people, and the heart suddenly arises a sense of pride in buying such products. Finally, Nongfu Spring recently launched an online store aimed at homemakers in response to the pandemic. In conclusion, the target group of Nongfu Spring includes different types of people, and it has truly achieved popularity so that more people can understand and trust this brand.

However, there are still some potential problems Nongfu Spring needs to solve. First, its packing is not impressive, and people may be tired of its packing. Second, although it is trying to launch a new product like Qi tea, with a similar packing as Yuanqi forest, people still do not pay much attention to these new products. It is triggering a question about whether Nongfu Spring should keep launching new products or try the best way to run its existing products. Third, Nongfu Spring chose its influencer as Yilong Zhang before, whether should it change to a recent popular idol to increase the sales retail, considering the influence of brand influencers on sales retail [10].

4. Discussion

Since Nongfu Spring still has several potential problems, it needs to consider appropriate solutions to solve them as soon as possible, keeping its top position and improving itself. Numerous solutions listed below aim at different problems, unimpressive packaging, the decision about launching new products or keeping running its already launched products, and changing influencers.

4.1 Unimpressive packaging

To create unique packaging, the company needs to find which points are significant to set up impressive packaging. First, it strengthens the uniqueness of the packing [11]. Although Nongfu Spring’s common mineral water packing uses red and green to create forceful and balanced colors, leading customers like living in the forest. Without deep consideration of the packing colors design, only a combination of red and green colors will not impress people for a long time or leave them with a low-end product. For one, Nongfu Spring can consider separate mineral water packaging to the original one and the newly launched one. To test if it changes to a new packing, whether its customers will increase or not, deciding whether Nongfu Spring needs to change its packaging. For another, because Nongfu Spring focuses on nature identity, choosing the colors of nature to exhibit its brand positioning. Therefore, Nongfu Spring can consider which colors may also represent nature, for example, blue and white, to mix these new kinds of natural colors with Nongfu Spring’s original packing. After reconsidering the packing design, new packaging may meet the requirement of the current consumer group, guiding more people to buy the products. Take Sprite as an example. Before changing its packing color to green, the green color bottle successfully creates a unique relationship between Sprite and customers, guiding customers to associate the green color bottle with Sprite while they see the green bottle. However, because this green bottle idea is linked with Sprite, when Sprite changed its bottle color to transparent, many customers did not understand and even refused to buy Sprite’s products anymore. Even at first, Sprite lost some of its original customers. Sprite’s changing packing reason for changing the bottle to a regenerated one even won more customers acceptants [12]. Therefore, if the brand is going to meet the requirement of customers or solve social problems, customers will be glad to see the change and even attract more consumers.

Second, founding packing originality reflects the products and company [11]. Nongfu Spring successfully runs this point because Nongfu Spring’s customers will link Nongfu Spring’s packing to its high-quality products and strict execution ability, which means the customers are believing Nongfu Spring will not add non-artificial substances and use unhealthy packing bottles.
Third, strengthening the products’ functional aspect, considering the function of the brand’s products, and using the packing to change its shape and the materials to play the role of the brand’s functional part. For example, Nongfu Spring’s Scream series products. Because Scream series products are sold as functional drinking to support energy for the customer who had exercised already, its packing colors are not using dazzling colors. Still, relative faded colors, such as navy-blue and maple-leaf red. After exercising, people are powerless; therefore, the dazzling colors are uncomfortable for them to see. Nevertheless, if the colors are not impulsive, the customers will not be impressed with the products [13]. Thus, not only does Nongfu Spring’s packing color impress people but also give consumers a comfortable feeling while seeing it.

4.2 Future development

The potential problem for Nongfu Spring is that although it has already launched kinds of products, such as famous Tea π and Eastern leaf series products, it cannot set up a new product plate. Yu found that although Nongfu Spring launched several products in 2021, for instance, Wuyi Mountain Spring water, Changbai Snow mineral water, milk tea, sparkling soda water, and so on, the company’s income did not increase as predicted. In addition, because Yuanqi Forest set up a new selling Burch in the drinking market, about 0 calories, 0 sugar, and 0 fat, many other brands want to join in to get this part products’ benefits. For instance, launching Qi tea which has the same as Yuanqi Forest’s sparkling water [10]. Moreover, as Yu said, Nongfu Spring’s market prediction data is too high to reach, about 25% higher than Moutai’s valuation at 40 times, causing Nongfu Spring to find different solutions to realize this idea. However, according to the current situation, it is hard for Nongfu Spring to reach this valuation [14].

Thus, improving Nongfu Spring’s current positioning is extremely hard. However, Nongfu Spring still needs to find a new market selling Burch to attract a new group of people to buy its products. Furthermore, it can add the amount of advertisement to advertise its new products; because of the high awareness of Nongfu Spring, many customers will be willing to try its new products as long as the products are public in place. On the other hand, because its current positioning depends on its mineral water series, it shows that even though Nongfu Spring’s other series products are not selling well. However, it still keeps its top position in the mineral water market. Therefore, to improve Nongfu Spring’s market positioning, Nongfu Spring also needs to keep launching high-quality products to maintain its trust in its customers’ hearts.

4.3 Changing influencer

Before considering whether Nongfu Spring should change its spokesman, talking about the pros and cons of having influencers are essential. For the advantages part. First, finding a trustworthy spokesperson can easily help the brand win customers’ trust since people notice this spokesperson and trust the brand this spokesperson trust. Second, if the brand faces a dilemma, changing a new influencer indirectly shows the brand’s attitude about trying to solve the current situation and show the new potential part of the brand. Third, while the market is full, it is hard for a new brand to join. At this time, finding a powerful spokesperson helps the brand to quickly join the market and get a small part of customers at first by the impact of this influencer’s fans. Nonetheless, if the spokesman has a scandal, it will hurt the brand to have a bad impression on people. For example, why will this brand choose this spokesman to be the influencer? Whether do customers trust this brand or not by consumers? Moreover, asking a powerful person to be the influencer of the brand means the brand needs to afford plenty of money to the person. However, the newly set up brand does not find its market position, and its market earning will not be high. At this time, these kinds of brands cannot afford the cost of having a spokesman. Therefore, at this time, the brand should not spend money on a spokesperson but to advertise itself and find its market positioning first [15].

Nongfu Spring’s current influencer is Yilong Zhu, a famous Chinese actor. Yilong Zhu is a great actor in China and without some scandals. Nowadays, several brands are changing their spokesman to younger idol groups. As time passed, more and more people were changing to be fans of the
younger idol group, causing the brand also needs to change its brand spokesman to meet consumers’ preferences. For example, recently, there has been news about Yili Yogurts replacing their influencer as Times Youth Group to carry out the promotion of new products and the 25th-anniversary activity of Yogurts [16]. The reasons for changing influencers as Times youth group are not only because they better represent the image of college students, but also the broader influence the group has. Hence, it is easier to promote this brand to more people as a spokesperson. In addition, some other brands, like Yuanqi Forest, as a functional drinking product, its spokespeople are the skier, and another functional drinking brand, village, signed an endorsement deal with Bingtian Su, who just broke the Asian men’s 100m record [17]. Therefore, Nongfu Spring can also try changing its spokesperson to another superstar, for example, Jackson Wang, a famous singer, designer, and musician in China. Since Jackson Wang is not only famous in China but also in other places, his age can also match the public definition. Therefore, Nongfu Spring’s changes to Jackson Wang could be a new attitude to the market and attract more customers worldwide.

5. Conclusion

In short, although Nongfu Spring depends on finding a clear market positioning and well advertisement to attract some customers at the beginning. To further improve itself, it still needs to solve the potential problems listed above. Based on the problem analysis, designing new packaging to attract consumers, trying to set up a new plate in drinking market and keep to produce high-quality products, and changing to a new spokesperson. In addition, customers pay most attention to the quality of the products, reminding Nongfu Spring that the method to run the business successfully is to keep yielding high-quality products. Keeping original consumers is essential to continue to consider future development.

Furthermore, this paper talks about how important it is to set up a clear market positioning and what methods are useful to solve Nongfu Spring’s potential problems. It is acknowledged that the thing that exists unique points compared to others is easy to grab others’ attention and impress people to have deeper research. With the water market opening, many brands are not finding their orientation in the market. Therefore, as a consumer, each selling water brand is the same, which means consumers cannot find any different points and buy the water randomly. However, as the brand strengthens its unique points, customers can distinguish this brand from others and be willing to buy its products.

In short, even did Nongfu Spring initially rely on finding a clear market positioning and advertisement to attract some customers, the future development of Nongfu Spring is to solve the problems listed above, design new packaging to attract consumers, set up a new plate in drinking market and keep producing high-quality products, and change to a new spokesperson. In addition, customers pay most attention to the quality of the products, reminding Nongfu Spring that the method to run the business successfully is to keep yielding high-quality products. Keeping original consumers is essential to continue to consider future development.

Furthermore, this essay expresses the importance of setting up a market positioning, and what kinds of methods are useful to solve Nongfu Spring’s potential problems. It is acknowledged that the thing that exists unique points compared to others is easy to grab others’ attention and impress people to have deeper research. With the water market opening, many brands are not finding their orientation in the market. Therefore, as a consumer, each selling water brand is the same, which means consumers cannot find any different points and buy the water randomly. However, as the brand strengthens its unique aspects, customers can distinguish this brand from others and be willing to buy its products.

Nonetheless, even if there are several solutions to solve these potential problems because the survey is just posting several basic questions instead of having plenty of underlying questions. Some of the data are missing to conclude whether there exist other latent problems for Nongfu Spring to focus on. Suppose Nongfu Spring still wants to improve itself to get top positioning in the water market. In that case, the researcher needs to chase the change in the retail amount and create deeper questions and research questionnaires for more people.
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