

# Cultural Marketing Strategy of Tea Industry- A Case Study of Xiao Guan Cha

Yuanyuan Yang

South China Business College Guangdong University of Foreign Studies, No. 181, Liang Tian Road, Baiyun District, Guangzhou China

642283335@qq.com

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**Abstract:** With the coming of the era of consumption upgrading, consumers pay more and more attention to the added value and spiritual and cultural significance of products when they consume. As one of the industries with a long history and culture in China, tea has attracted the attention of young consumers. The post-80s and post-90s have become the main force of tea product consumption. They pay more attention to brand culture and value while purchasing tea. Through the analysis of the tea industry market, the paper finds that the market consumption potential of the tea industry is huge and there are many competitors, but the tea enterprises generally lack of brand culture. In 2014, Beijing Xiao Guan Cha Co., Ltd. was founded and its brand name was determined to be "Xiao Guan Cha ". Later, it took only four years for " Xiao Guan Cha " to become the No. 1 brand communication power of China's tea in 2018, which was quickly recognized by consumers to highlight its brand cultural influence in the market. In the study of the company, we found that it successfully attracted consumers' attention, recognition, successfully achieved consumer experience and paid for products through "Great masterwork" brand culture positioning, differential pricing packaging culture and scene resonance advertising culture. These cultural marketing strategies can be used as reference for other tea industry enterprises.

## Introduction

China is a country with a long history of tea production and consumption, tea culture has a long history. With the rapid growth of tea production scale and the continuous expansion of tea demand, many enterprises began to layout tea industry. When consumers consume tea, they pay more attention to the brand, quality, cultural connotation, meaning and value of the products, which makes the competition of tea enterprises develop from the traditional marketing model competition to the cultural brand value quality competition. If tea enterprises want to stand out from the fierce competitors, they must adjust the traditional marketing thinking, understand the needs of consumers, pay attention to product quality and culture, and output their product value through unique cultural marketing.

## Theoretical Review

British scholar Edward Burnett Taylor, he believes that culture is a complex whole, including not only knowledge, art, religion, but also law, custom and other social phenomena. In fact, culture is a unique intellectual product of human society formed and developed by human beings' continuous understanding of the world and demand, including material, literal symbols, clothing customs, etc.

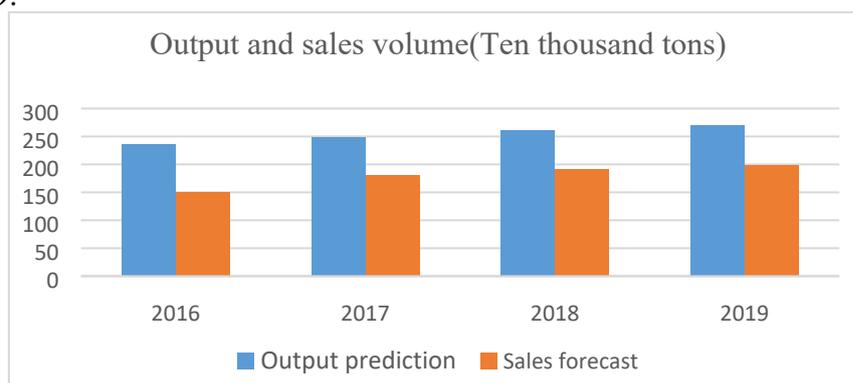
The definition of cultural marketing by Chinese and foreign scholars emphasizes that the key point of cultural marketing is to establish core cultural values and unique image of enterprises in the market. Through the analysis of cultural needs identified by consumers, spiritual needs and values beyond the nature of products can be created, and the unique charm of products can be displayed in the form of stories, symbols, words, music, etc. The use of cultural marketing can help enterprises avoid homogeneous competition, establish core advantages, and effectively position products in the minds of consumers.

With the change of modern consumer concept, consumers gradually change from simple material demand to deep spiritual demand while consuming. Consumers pay more attention to the sense of value acquisition. With the help of cultural affinity, cultural marketing not only makes consumers and enterprises reach a common understanding, but also makes it easier to promote their understanding of products and enterprise values, so that enterprises can establish a lasting and good brand image. At the same time, the added value of culture is more likely to reduce the phenomenon of product homogeneity, reduce the sensitivity to price while meeting the needs of consumers, and improve customer loyalty. Finally, the unique cultural characteristics are conducive to attract domestic and foreign consumers and stimulate their impulse to buy. The use of cultural marketing can help enterprises break through the fierce competition and open up overseas markets.

## Tea Industry Market Overview

Tea, that is, the liquid obtained by brewing tea with boiling water, is called three major non-alcoholic beverages together with cocoa and coffee. The custom of tea drinking began in China. As the first country in the world to discover, breed, cultivate, process and utilize tea, China is also one of the largest tea producing, consuming and trading countries in the world.

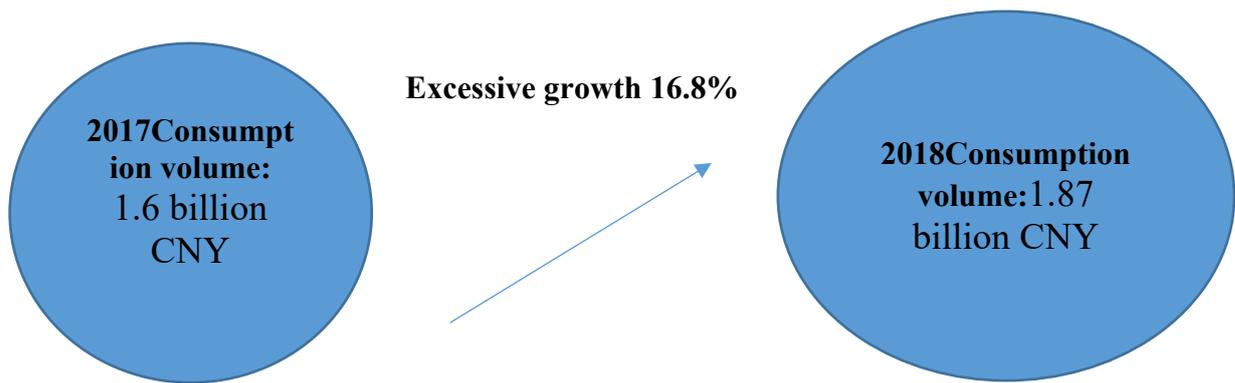
According to the Imedia research data, As shown in Figure 1, China's total tea output shows a continuous and steady upward trend. In 2018, China's total tea output reached 2.616 million tons, an increase of 120000 tons over the previous year, with a growth rate of 4.8%. Steady growth will be maintained in 2019.



**Figure 1.** China's tea production and sales forecast in 2016-2019.

From the perspective of tea consumption: in 2018, China's domestic tea sales reached 1.91 million tons, an increase of 93000 tons, or 5.1% over the previous year; the domestic market sales reached 266.1 billion yuan; the average sales price was 139.3 yuan / kg, an increase of 5.2% over the previous year. In recent years, tea production and consumption in China have been increasing at a certain rate, with a certain potential for consumption growth.

As shown in Figure 2: In 2018, the sales volume of the whole network of China's tea double 11 reached 1.87 billion CNY, and the online market of tea has huge potential. From 2013 to 2019, China's online tea market has maintained a rapid growth trend. By 2019, China's online tea market has reached 23.5 billion CNY, an increase of 14.6% compared with 2018, and is expected to increase to 29.8 billion CNY in 2021. In 2018, the consumption of tea products across the Internet increased to 1.87 billion CNY, an increase of 16.8% compared with 1.6 billion CNY in 2017, approaching 1.9 billion CNY. Tea products online trading platform is more and more popular. More than half of the consumers who buy tea online are young people, of which the company employees account for nearly 50%. The post-90s and even the post-95s have become the main part of tea consumption.



**Figure2.** Online consumption of tea in China.

All the above data show that:

1. The total output of tea in China has been rising steadily, and the output is larger than the sales volume, so it is easy for supply to exceed demand. If tea enterprises do not have certain brand reputation or characteristics, they are prone to overstock of goods and loss of sales.

2. From the consumption data of tea, with the increase of consumer's domination ability, the consumption potential of tea market is huge, the consumer's portrait of tea is younger, and tea has almost become a national drink. Both men and women, old and young have certain tea consumption behavior and ability.

3. From the online sales data, Internet + e-commerce has broadened the sales channels of tea, and adopting new marketing methods and designs is more advantageous to the sales of tea enterprises.

4. Although the scale of China's tea market is huge, but the production enterprises present the situation of large quantity, small volume and uneven product quality, lacking the real leading brand. Driven by technological development and consumption upgrading, the production of tea enterprises should be developed in the direction of scale, industrialization, mechanization and branding.

In such a market competition pattern, “Xiao Guan Cha” came out, with sales reaching 2 billion only in 2018, which has attracted the attention and controversy of the market. The company is worth studying.

### **The Case study of “Xiao Guan Cha” cultural marketing**

Founded in 2014, Beijing Xiao Guan Cha Co., Ltd. is a tea enterprise established and developed with internet thinking. The company's vision is to become a world-class Chinese tea brand. At the end of 2014, the brand was named "Xiao Guan Cha" through the determination of metal small can packaging. In July 2016, the company sales volume of documentary advertising on CCTV exceeded 100 million yuan. In 2017, “Xiao Guan Cha” spent 1.5 billion yuan to build Huangshan central factory, the leading industrial 4.0 intelligent factory in the tea industry. In 2018, it established "China tea industrialization research center" and "China tea R & D center". In 2019, “Xiao Guan Cha” launched "multi bubble pack" for self drinking people and began to enter the mass consumer market. “Xiao Guan Cha” has positioned its brand as modern Chinese tea. Through exquisite small pot packaging, high-end brand image and simple store design, it has rapidly become a new "Internet celebrity" in the Chinese tea industry.

Since its inception, “Xiao Guan Cha” has carried out the following cultural marketing strategies:

1. Spread the brand culture of “Xiao Guan Cha” in the name of master to meet the spiritual pursuit of consumers.

Mr. Du Guoying, the founder of “Xiao Guan Cha” company, made the brand positioning of "Xiao Guan Cha" very clear about the target consumer groups, aiming at those rich people who pursue elegant and high-quality lifestyle, and selling the symbols and status of successful people. In June 2012, Du Guoying led the core entrepreneurial team into Dashan and tea area, visited experts and intangible cultural heritage inheritors of tea culture, and conducted in-depth research. In July

2016, “Xiao Guan Cha” was fully launched in tea market. As a new all category enterprise, through the cooperation with the famous tea making masters with the title of inheritor of intangible cultural heritage, the impression that famous tea makers are equal to good tea is intuitively established. The high-end brand culture of the famous tea making masters is spread by using the reputation of the eight famous tea making Masters of "small pot tea, master works", striving to meet the spiritual pursuit of consumers and improve the value image of commodities. In 2018, the annual sales volume of “Xiao Guan Cha” was announced to be 2 billion yuan. Then, because of the difficulty in matching the advertising and sales data of its "masterwork", the industry disputes and consumers question its false advertising. In February 2019, “Xiao Guan Cha” explained through the official microblog that the master's work was not the tea stir fried by hand, but supervised by the master. As of June 2019, there are 11 tea making masters cooperating with “Xiao Guan Cha”, including 7 intangible cultural heritage inheritors.

2. Unify the product standard of "Xiao Guan Cha" and differential pricing packaging culture, and establish consumer confidence.

At present, the domestic tea market, especially the famous tea market, is in the stage of information opacity and asymmetry. Most consumers do not understand tea or the tea brand and the standard of good tea. Xiao Guan Cha, as a tea enterprise provides simple, convenient and cost-effective products for consumers. It unified standard for tea product grade and price. In terms of product packaging, Xiao Guan Cha adopts the strategy of differentiated packaging culture. In terms of material, the aluminum cans with higher cost and lighter quality are selected; based on independent small packaging, small cans of 4G / can and multi bubble cans of 40-50g / can are successively launched for different drinking people and scenes. The corresponding consumer group of Canning is the high-end business group, and the main consumption scenes are hospitality and gift giving. The specific products are divided into three series: black pot, gold pot and silver pot. Black pot is a limited series. It's a high-end series in small pot tea. It's priced at 150 per pot, and can only be purchased when the total consumption exceeds 10000 CNY. At present, it covers four tea products: Shifeng Longjing tea, Oriental beauty, dianblack tea and Pu'er ripe tea. There are 20 cans of gift package and 10 cans of pleasure package for gold cans and silver cans. The average unit price of gold cans is 50 CNY / can, and the average unit price of silver cans is 25 CNY / can. Multi bubble pack is a mid-range product type launched by the company for self drinking people in 2019. It mainly covers six kinds of tea products, namely Longjing tea, dianhei tea, Dahongpao, Pu'er tea (cooked tea), Tieguanyin tea and jasmine tea. Each can weighs 40-50g and the unified price is 150 CNY.

3. The authoritative media spread the advertisement of "Xiao Guan Cha" and set up the high-end cultural image of the brand.

At the beginning of its listing, “Xiao Guan Cha” used the innovative thinking of the Internet to spread its brand culture, striving to become a "Internet celebrity product", attracting consumers' attention. In the choice of media channels, CCTV was initially chosen to put advertisements. In July 2016, an advertisement appeared in the interval of CCTV program: "When it comes to tea, everyone is familiar with it. There may be hundreds of famous historical teas that can be called in China. It's easy to drink famous tea, but it's not so easy to drink really good tea." With the melodious tune of Hani folk song flower love, Xu Haiyu, vice president of the company, in three minutes, tells the story of the company's three and a half years of exploration and eight tea making masters. The slogan "Xiao Guan Cha, made by the master" appears at the end. This advertisement, which attracts numerous eyes and praises, has become the first business card for customers. CCTV advertising has a strong reputation support and can endorse the high-end image of “Xiao Guan Cha”. With the leading role of the chief film tearing officer and eight leading tea making masters, combined with the characteristics of tea making technology of various categories and festival culture such as the Spring Festival, the small documentary integrated with realism and close-up was advertised on CCTV. Although the content was simple, it cleverly established the brand source, strength advantage and high-end cultural image of small pot tea, including “Xiao Guan Cha”, masterwork",

"eight masterpieces" "A cup of Chinese tea" and other advertising copy and CCTV's authoritative channels provide a more vivid and high-end image for "Xiao Guan Cha".

## **Summary**

"Xiao Guan Cha," has successfully positioned its products in the hearts of consumers by establishing its brand, pricing packaging and advertising culture. Its core value is to realize the intensification, standardization and branding of the tea industry.

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