

Market Strategy Analysis of Traditional Chinese Medicine Tea Replacement Drinks Based on Corporate Strategic Management

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Abstract: Chinese medicine tea drink, as opposed to brewing, decoctions, and then drinking as tea, refers to Chinese herbs and tea with, or straight to Chinese herbs (single or compound). The market potential for Chinese medicine tea drink is large due to its benefits and the progressive infusion of the concept of Chinese medicine and health into people's hearts. However, there is still much space for improvement in terms of product innovation and marketing, market development and expansion, and brand concentration and influence. This study uses university students in Shanghai as the primary research population. It then analyzes the company's strategic management approach for the Chinese medicine tea drink market and suggests a marketing strategy for the products from the four angles of product, price, channel, and promotion. Finally, it suggests ways to improve the efficiency of the organizations within the Chinese medicine tea drink enterprise and makes workable recommendations that will help the market grow and preserve traditional Chinese medicine culture.

Keywords: Chinese medicine tea; corporate strategic management; Market strategy; Chinese culture

1. Introduction

Chinese medicine tea drink, refers to the Chinese medicine theory of diagnosis and treatment under the guidance of the selection of suitable medicinal herbs to form a formula or the combination of medicinal herbs and traditional tea, using a variety of processes made of crude tea, tea bags, block tea, and so on, and then simply with hot water or decoction taken like daily tea, to play a role in preventing and controlling diseases, health care and conditioning of a type of dosage form, also known as "medicinal tea", "tea" [1]. Chinese medicine tea has several advantages over milk tea and other popular drinks. Its composition is straightforward, easy to take, tastes better, and has a clear clinical effect. It also costs relatively little and can be used for disease treatment or auxiliary care, to control sub-health conditions, to help people improve their standard of living, and for other purposes [2].

At present, the health problems of society are gradually highlighted, and people's concern for health is gradually increasing. As mentioned in the "2023 China Healthy Life Trend Insight Report" [3], fast-paced work, changes in living habits and other factors, so that the current generation of people for their own health concerns continue to increase, from the CBNDATA questionnaire research data, young people's health knowledge is low, there are many bad habits, which led to the health problems are also gradually highlighted. Therefore, with the health problems highlighted, traditional Chinese medicine tea drink enterprise development is relatively rapid, and the market prospect is broad, at the same time there are still certain problems, so the relevant traditional Chinese medicine tea drink products can not meet the diverse needs of consumers.

2. Questionnaire research

2.1. Survey subject

Young people currently have increasingly serious health issues, making them a key target market for traditional Chinese medicinal tea drinks. The terms "crunchy youth" and "crunchy college students" have recently gained popularity among some college students, who make up a significant portion of the youth population. As a result, the survey's focus has been further narrowed, with Shanghai college students

3.1.2. Product innovation strategy

Enterprises should focus on the invention of products. Product innovation can help boost sales of traditional Chinese medicine tea drinks to a certain level, as Table 1 illustrates. The survey sample is particularly worried about the innovation of traditional Chinese medicine tea drinks, scoring an average of more than 3. College consumers can quickly recognize products and recognize the level of innovation in product design by using text description and image display to highlight the efficacy of existing products, product packaging, and flavor innovation. College students also possess a certain level of understanding regarding pertinent health knowledge. In an effort to give college students more options, we can simultaneously introduce a range of tastes for our traditional Chinese medicine tea drink goods. To satisfy the wide range of consumer demands, we should focus on developing new traditional Chinese medicine tea drink items in addition to innovating the current ones.

Table 1: University student consumers' perceptions of innovation in herbal tea replacement products.

Subject	Average
Offering herbal tea substitutes in new packaging or co-branding will entice me to buy them.	3.3
Offering new flavors of herbal tea substitutes will entice me to buy them.	3.3
Offering new varieties of herbal tea substitutes will entice me to purchase.	3.3

3.2. Price strategy

Because 71% of college students in our sample have monthly living expenses of less than 3,000 yuan and because price has a significant influence on consumer decisions, Chinese medicine tea replacement drink prices should not be too high in this market. Instead, they should be based on middle- and low-end, reasonably priced products. The price of raw materials, production methods, and other variables might affect the cost of Chinese medicinal tea substitute items. On average, the price range for these products is between a few dollars and more than ten dollars. According to Figure 2's survey results, 47.4% of college consumers preferred to purchase goods priced between 16 and 20 yuan, while 31.1% opted to purchase goods priced between 10 and 15 yuan. As a result, several pricing schemes for various price ladders can be created.

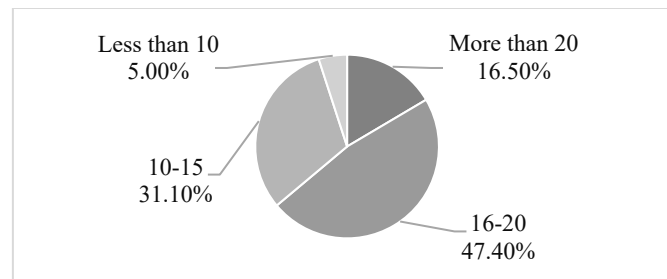


Figure 2: Consumer Price Preference.

3.2.1. Penetration pricing strategy

The drink industry is currently quite competitive, and beverage firms have started a pricing war. For example, Hi-Tea, which used to charge more than 30 yuan per cup, is now gradually lowering its costs. A low-margin strategy can be used in this situation by lowering the price, keeping the cost of traditional Chinese medicine tea drinks within the range of 10 to 15 yuan, and using the cheap price to your advantage in the marketplace. The relevant Chinese medicine tea substitute drink manufacturers can, on the one hand, appropriately lower the cost of their products by raising their scale, lowering the cost of packaging, and improving the production chain; on the other hand, they can realize the effect of thin profits and high sales by implementing marketing strategies like bundled sales, buying gifts, and discounts.

3.2.2. Skimming pricing strategy

Though college students are more price sensitive and pay more attention to price, Figure 3 shows that some college students are still willing to pay a higher price for a higher-quality traditional Chinese medicine tea drink. This group of respondents scored 3.4 on the "willing to pay a higher price for the better quality of traditional Chinese medicine tea drink" question. College students are more willing to pay a premium for products that meet their health and quality needs, so charging a premium can be a

strategy used to cater to their needs. Small businesses can also benefit from this approach as their high production costs can be offset by charging a premium for traditional Chinese medicine products.

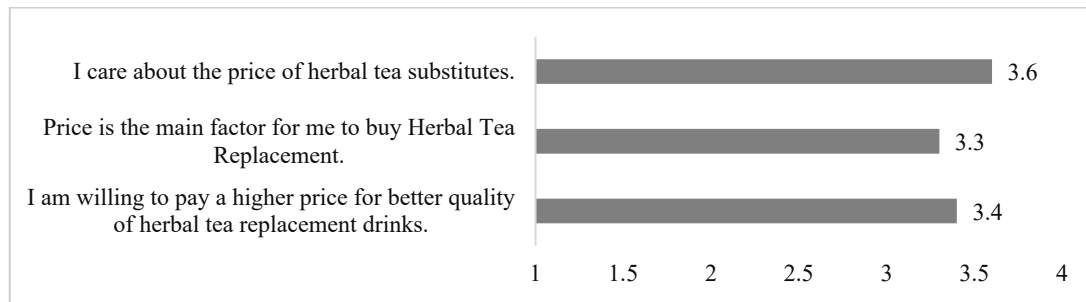


Figure 3: Consumer Perception of Price Sensitivity.

3.2.3. Satisfactory pricing strategy

A satisfaction pricing approach can achieve profitability by striking a balance between product quality and price, placing the product's price at a medium point, gaining the trust of customers. According to research findings, college student consumer groups favor traditional Chinese medicine tea drink products that fall between the 16 and 20 yuan price range. As a result, relevant manufacturers can set their prices in this range while still guaranteeing product quality, drawing in more business, and building a solid reputation for their brands.

3.3. Channel strategy

Figure 4 shows that, in addition to the product image of Chinese medicine tea drink and the consumer's perception of the product, the relevant enterprises should adopt the distribution channel of intensive distribution in order to improve market coverage and provide consumers with convenient purchase channels. Of college students, the proportion who frequently buy Chinese medicine tea drinks in offline channels, such as supermarkets and pharmacies, reached 55.6% and 51.3%, and the proportion of those who buy it online reached 41.9%.

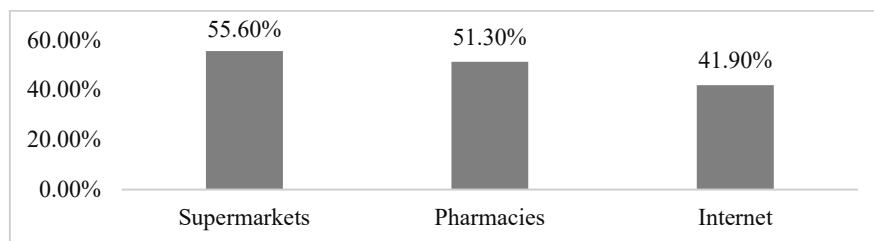


Figure 4: Channels through which college students purchase herbal tea substitutes.

3.3.1. Traditional store channels

According to the survey results shown in Figure 5, the percentage of college students who preferred to shop at traditional establishments like pharmacies, hospitals, supermarkets, and shopping centers was 50.55%, 56.04%, 54.47%, and 40.19%, respectively. This indicates that the majority of college students support the sale of traditional Chinese medicine tea drink products in traditional establishments. Pharmacies and hospitals can advance the science and safety of TCM tea substitute products; supermarkets and convenience stores can offer customers a more convenient shopping experience; and expert brick-and-mortar stores can raise the products' competitiveness and brand awareness. As a result, using conventional storefronts to sell Chinese medicine tea drinks can help Chinese medicine tea drink products build a positive brand image and increase customer trust and recognition.

3.3.2. Online sales channels

The traditional Chinese medicine tea drink can become more popular in a convenient way by catering to college students' reliance on network information, Netflix, celebrities, hot searches, short videos, and other content that captures their attention, in addition to traditional offline store sales. Given that Figure 5 shows that 46.62% of consumers prefer to buy traditional Chinese medicine tea drinks online, businesses that sell these drinks should take advantage of this trend and actively promote their products online. They can do this by launching official programs or partnering with e-commerce platforms to

increase their online sales channels.

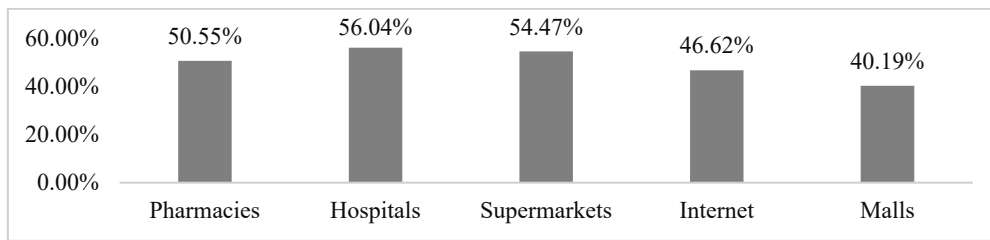


Figure 5: Consumers' channel preference for purchasing herbal tea replacement products.

3.4. Promotion strategy

From a marketing standpoint, in conjunction with the consumer behavior traits of the target market, the pertinent businesses ought to employ a blend of push and pull tactics in order to attract prospective clients and pique their interest in making a purchase.

3.4.1. Push promotion

Figure 6 illustrates how various strategies like as gift-giving, free TCM consultations, price breaks, and more can draw in college students as customers. Businesses that often run promotions, including time-limited sales and full-price reductions, will draw in customers and boost their propensity to make purchases.

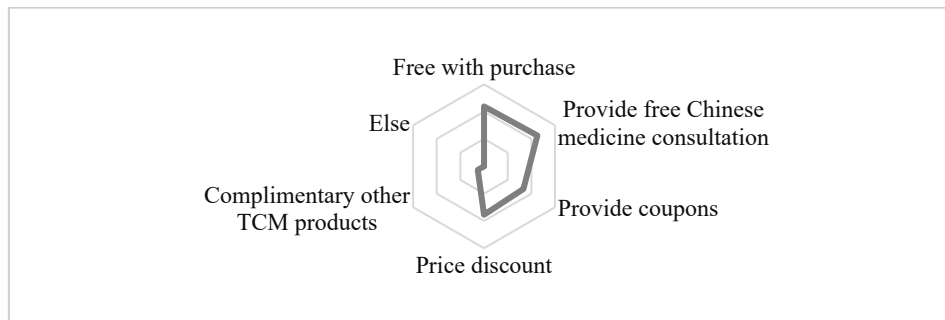


Figure 6: Preference of Promotion Methods for Chinese Tea Replacement Drinks.

To improve the competitiveness of the product and sales results, we can also take different approaches to promotion in order to cater to the various needs and preferences of consumer groups. To this end, we can design a variety of traditional Chinese medicine tea drink products. Additionally, different Chinese medicine tea drink goods can be designed based on the seasons. For instance, spring products can offer more items to nourish the lungs and extinguish the fire, while summer products can offer products to relieve heat, and so on.

3.4.2. Pull promotion

Figure 7's survey data shows that consumers' purchases of traditional Chinese medicine tea substitute drinks are encouraged when they receive recommendations from friends, family, celebrities, doctors, short films, and other relevant sources. As a result, Chinese medicinal tea drink manufacturers can concentrate on the influence of the Internet and word-of-mouth in addition to directing incentives toward customers to encourage them to purchase related products. Short videos can be used to effectively promote the products by highlighting their historical and cultural significance as well as their efficacy as Chinese medicine tea substitutes. Health professionals, internet users, or celebrities can also be asked to endorse the products in order to boost their appeal and popularity of the products. It is possible to enhance the credibility and reputation of traditional Chinese medicine tea replacement items by soliciting and sharing consumer feedback.

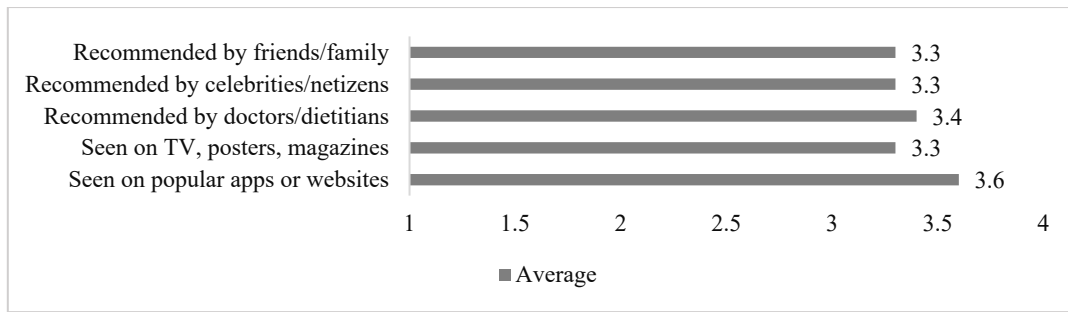


Figure 7: Consumer preference for product marketing channels.

4. Related recommendations

After analyzing the market for drinks that substitute traditional Chinese medicine tea, this study offers the following suggestions for businesses that create these beverages.

4.1. Inherit the culture of Chinese medicine

A staple of Chinese medicinal culture is the tea drink. Chinese medicine tea drink businesses should remember to preserve Chinese medicine culture and pursue inventive and creative development even as they use the beverage to generate money. Maintaining the traditional formula for the tea drink is the foundation for two strategies: first, to preserve the culture of traditional Chinese medicine by increasing publicity, promotion, training, and education; second, to actively collaborate and communicate with foreign and domestic professionals as well as traditional Chinese medicine institutions to improve the traditional formula and make relevant products more in line with the needs of modern groups.

4.2. Improve the quality and safety of products

The risk of ingesting Chinese medicine tea substitutes will directly increase if the Chinese herbal medicines used to make them are not chosen carefully. Chinese medicine tea substitutes are made using Chinese herbal medicines. Consequently, in order to assure the quality of the raw materials and enhance the product's safety and quality, we should carefully choose the Chinese medicinal tea drink's raw materials. Simultaneously, we ought to aggressively promote to college students the proper technique to use Chinese medicine tea, stressing moderation and scientific sipping.

4.3. Improve brand effect

Customers are more likely to purchase products with their own well-known brand, the brand effect can raise the added value of goods, and well-known brands typically leave a lasting impression on them. By co-branding with other brands, enhancing the product quality, improving the user experience, and so forth, the manufacturers of traditional Chinese medicine tea drinks can gradually improve the brand effect of the corresponding products, enhance their influence, and improve and consolidate the market position.

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