

Chinese Food Nut Enterprises: An Analysis of Three Squirrels

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Abstract: Nowadays, people not only pursue satiety, but also pay more attention to innovation in food. At the same time, with the vigorous development and popularization of the Internet, more and more people also buy food on shopping platforms through the Internet. The Chinese food nut market was born and developed under such a comprehensive situation. I selected Three Squirrel enterprise as an example, and analyzed its 4ps marketing strategies, and then measured the company's strengths, weaknesses, threats and opportunities by using SWOT analysis method. Eventually, I analyzed the company's main problems and put forward suggestions on this basis. The study of this leading enterprise has guiding significance for the study of China's food nut industry.

Keywords: Marketing strategy, SWOT analysis, Publicity

1. Introduction

In the era of vigorous development of the Internet, people pay more attention to the enjoyment of food and are willing to spend money in food, so more and more products emerge in these food markets. Nuts are very popular because of their crisp taste and unique flavor. As the leader of China's food nut enterprises, the Three Squirrels has a broad customer base and is recognized by the whole society. However, as the market continues to be hot and various competitors have poured in, its original marketing situation is facing new challenges.

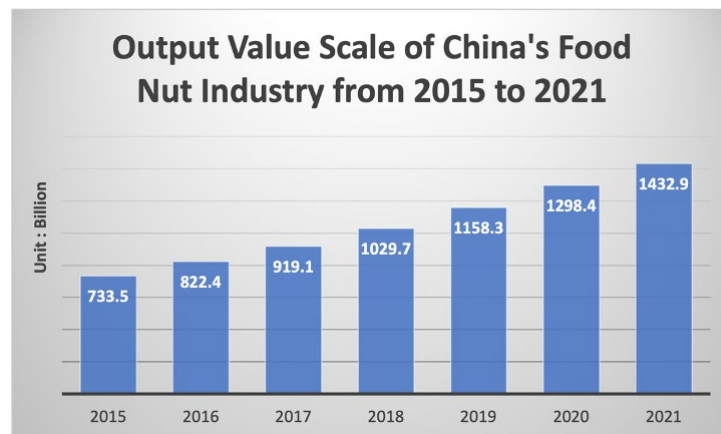


Figure 1: Changes in the scale of China's food nut industry from 2015 to 2021

Three Squirrels was founded in 2012. In June of the same year, the company officially launched operations in Taobao Mall (Tmall), which belongs to the Chinese food nut sales industry. It is the first e-commerce brand focusing on nut leisure food in China, and its sales range covers a variety of snacks such as dried fruits, dried meat, bread, biscuits, etc. The company is committed to becoming an absolutely leading nut enterprise across the whole country, and creating a brand of healthy food that everyone can afford and buy everywhere, so as to bring high-quality and tasty snacks to the public. In 2019, the annual sales of the Three Squirrels broke through 1 billion dollars, with a total revenue of 1.19 billion dollars, and won the first place in the sales of China's Internet "Double 11" activity for seven consecutive years [1].

Around 2015, nut products in China's market are more popular than ever before. The Pecans has a

mellow taste, thin skin and is easy to peel, which is popular with the public. The Three Squirrels took Pecans as their main commodity at such a critical time. The successful sales of Pecans laid a solid foundation for the success of the Three Squirrels.

The Three Squirrels uses the personified cute squirrel image as their unique brand logo to attract consumers, especially young people. A complete and advanced data and information system has been set up, and the data needed by the company is continuously calculated by using Internet mass data analysis to provide reliable basis for relevant decisions of enterprises, effectively control the success rate of decisions and accurately grasp the market. The Three Squirrels has established a sound product information management system, enabling any package of product information to be searched at any time, effectively ensuring food safety and quality. The excellent core competitiveness provides a solid foundation for occupying a large number of market shares.



Figure 2: The logo of Three Squirrels

2. 4ps Marketing Strategy Analysis of Three Squirrels

2.1 Product Strategy

The Three Squirrels mainly produces nuts, which are in line with the preferences of contemporary young consumers. The Three Squirrels attaches great importance to the quality of goods. All products must be carefully selected to avoid quality problems and damage to consumers' health. The company promises to sell only the fresh nuts produced within 15 days to ensure that the source of food materials is clean enough. The source of goods is purchased from upstream enterprises in a quantitative way through supply chain cooperation to reduce the running time of products and ensure that the products are fresh enough. The Three Squirrels focuses on product development, its R&D team continuously develops new products according to the feedback from the database and the market forecast to bring customers enough freshness. The company locates the customer group in the youth group, and makes customers unforgettable with its unique cartoon image. Each single one of the three squirrels in the logo has its own name and characteristics. The Three Squirrels packs the product in multiple layers, and randomly gives small gifts such as attached stickers and key rings along with the package to enrich the customer's experience. The package is divided into three layers. The outer layer is kraft paper, the second layer is plastic, and the inner layer is aluminum foil paper to ensure that the dried nuts will not be affected by moisture in most cases. On the e-commerce platform, the customer service avatars are all kinds of squirrels, which together constitute a huge squirrel family. The customer service answers all kinds of questions for customers with a squirrel like witty tone, and establishes a deeper friendship with each other, which greatly increased the customer return rate.

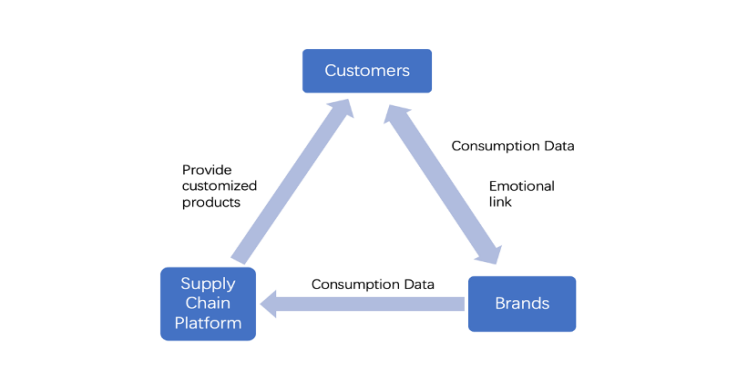


Figure 3: Three Squirrels' new retail development road map

2.2 Price Strategy

In the traditional concept, the public generally believed that the price of nut products was relatively high, which was difficult for students and low-income young people to afford. Therefore, the Three Squirrels chose a people-oriented route in terms of price to ensure that both students and young people just entering the job could afford it. The target customers of Three Squirrels are young people. It uses attractive prices to attract more consumers, thus promoting sales growth. The Three Squirrels adopted the mode of direct dialogue with customers, which reduced a lot of intermediate costs and ensured that the Three Squirrels' products had certain price advantages compared with other brands.

2.3 Channel Strategy

The Three Squirrels uses both online and offline advertising methods to promote. For example, online models include online shopping platforms, websites, mobile apps, etc; The offline mode is physical store sales, which attaches importance to customer experience. Customers can taste the exhibits at will, and then decide whether to buy them or not. In addition, the Three Squirrels also adopted a combination of online and offline marketing. First, they promoted their products on Taobao, JD and other large Internet shopping platforms, and then stimulated customers to experience offline physical stores to truly feel the product quality, thus stimulating purchase.

2.4 Promotion Strategy

2.4.1 Advertising

Three Squirrels has implanted advertisements in the current popular TV dramas and movies. For example, in TV dramas, customers can often see actors eating the products of Three Squirrels or shopping in the offline stores of Three Squirrels. The creative team of the company also designed animated advertisements to deepen people's impression, and pushed them on the home pages of major software. As long as customers open the software, they will see the pages of Three Squirrels, and they need to read the small advertisements for a few seconds before entering the formal content, so as to increase people's impression of it. In addition, the company also specially designed an animated film about three little squirrels to let the public know more about the brand story. In particular, it made children like Three Squirrels by using its lovely animation shape design.

2.4.2 Micro-blog Promotion

The Three Squirrels have special official accounts on Weibo, and have more than one million fans. They regularly publish some new product information and activity information. At the same time, the official often interacts with users of micro blog comments to increase the sense of user experience and participation. The Three Squirrels often releases some lottery information, and gives the winning user a big gift package or coupon to mobilize the enthusiasm of customers, so that customers can continue to pay attention to the official account, increase the popularity of the topic, and finally achieve the sales goal. The company uses data analysis technology to calculate the customer's preference for the brand and the types of snacks they like best, and then publishes them on micro blog to increase product exposure.

2.4.3 Public Praise Marketing

Three Squirrels pays special attention to word-of-mouth marketing, user experience and needs, understands customer needs through regular interaction with users, and launches new products more in line with the public taste. For example, before the birth of Three Squirrels in 2012, there were many nut products in Chinas market. Although customers think that it is difficult to peel the shell of Pecans, the merchants in the market do not pay attention to this. Only Three Squirrels found and filled in the relevant gaps, and added a tool^[2], which is convenient for customers to eat and ready to open hard nut shells, into the nut products, which greatly improved customers' favor of Three Squirrels and its reputation. Three Squirrels also pays attention to communication with customers, and do a very careful pre-sales and after-sales service. Actively respond to customers' questions before sales, and actively resolve any problems after sales without shirking responsibility.

2.4.4 Online Promotion

With the vigorous development of the Internet in Chinas market, a large number of online shopping carnivals have appeared on the Internet, such as the Double 11 and the June 18 festivals. Three

Squirrels gives extra discount coupons on the basis of the original discount. There are also some goods buying two, giving one free, and buying three, giving two free. This has made the goods extremely popular in these promotional festivals, with orders exploding and sales breaking new highs.

2.4.5 Emotional Marketing

Three Squirrels uses cute images to impress consumers emotionally, which makes a natural favor for customers. Whether it is online customer service or offline shop assistant, the employees of Three Squirrels will answer customers' questions in humorous language, making customers feel that the products are no longer cold and heartless, but full of feelings. Before the goods are delivered, customers will also receive a warm reminder from the store, telling them that their products are on the way and will arrive soon.

3. SWOT Analysis of Three Squirrels

3.1 Advantage Analysis

3.1.1 Product Advantages

Three Squirrels has a wide range of products. In consideration of customer needs, Three Squirrels added bread, biscuits, dried meat and other products to meet the diversified needs of consumers on the basis of the original mainly nuts. On the one hand, Three Squirrels guarantees the quality; on the other hand, its outer packaging design is also continuously updated to meet the consumer preferences of different age groups and different identity groups, so the market prospects of the Three Squirrels are very broad.

3.1.2 Brand Advantages

Three Squirrels has clear brand positioning and personalized product image at the beginning of their establishment, which made them well known to the public. Moreover, with the good achievements in public relations and promotion in recent years, consumers' preference for Three Squirrels has continued to increase.

3.1.3 Price Advantage

Three Squirrels has a direct dialogue with customers, which saves some interaction costs and gains huge price advantages. In addition, the price of Three Squirrels is not high, which makes it easy for students and low-income workers to buy without too much economic pressure, and greatly reduces the threshold for customers.

3.2 Disadvantage Analysis

The rise of green food economy and the public's pursuit of healthy diet make most people on the market want to lose weight and fat, while most products of Three Squirrels are mainly puffed commodities with high oil content, which runs counter to the concept of health. In particular, some preserved meat products conflict with the concept of healthy diet, and customers generally prefer to eat pure natural pollution-free organic food. Although the goal of the Three Squirrels is to meet the needs of consumers, people in different regions have different taste preferences, some like sweet and some like sour. China has a vast territory, and the challenges brought by the taste differences in different regions have constrained the development of the company in a sense. Therefore, it is impossible to meet all consumers in all regions, but only to meet more consumers in more regions. In addition, the popularity of Three Squirrels is not high enough. When it comes to Three Squirrels, the majority of middle-aged people over 60 years old generally do not know what it is.

3.3 Opportunity Analysis

With the continuous improvement of the consumption level and the national support for the development of leisure food, the market demand for leisure food is also expanding, and the prospect is very broad. However, most similar food enterprises in China's market have not yet established brand awareness, and the brand space is still quite large. Since the establishment in 2012, Three Squirrels has started the brand culture construction, determined their brand image and positioning, and committed to building a "leading brand of Chinese food e-commerce". After ten years of unremitting efforts, Three Squirrels has left customers with a profound brand image. At present, Three Squirrels has become the

leading enterprises in the food nut industry in China, with the characteristics of large size, strong strength and abundant funds, all thanks to the correct and wise choice of Three Squirrels ten years ago.

3.4 Threat Analysis

The popularity of the Internet has made the online marketing model unprecedented hot, so many competitive brands of Three Squirrels have emerged in the market in recent years. For example, Baicaowei, another nut producing company in China, has been competing severely with Three Squirrels for market share. Baicaowei launched many fast food products during the outbreak of the epidemic in 2020, and the sales were extremely hot. At the same time, there is also a nut enterprise called BESTORE, which is a new rising star and has a strong pursuit. Its sales in 2016 exceeded Three Squirrels, and together with the other two companies they became the three giants in China's food nut market. The similar product structure and consistent target group positioning lead to fierce competition between them.

4. Three Squirrels Have the Biggest Problem at Present

4.1 Lack of Use of New Media Platform as Publicity

The rapid development of contemporary society and the substantial increase of public life pressure have resulted in limited public attention. Therefore, Three Squirrels must effectively attract more consumers' attention and promote interaction and communication with consumers. But the fact is that Three Squirrels are mainly e-commerce. Although the network platform is well operated, there is little publicity in the relevant new media platform, and the interaction with consumers is extremely limited, which leads to the loss of some customers unconsciously. In the era of new media, it is difficult to survive in such a fierce market and reap rich profits if it cannot accurately grasp the advantages of the new media platform, strengthen publicity, increase attention and improve competitiveness. The promotion fees and service fees of three squirrel platforms from 2018 to 2020 are 393 million yuan, 660 million yuan and 961 million yuan, respectively, accounting for 5.6%, 6.5% and 9.8% of the sales of the year, showing an increasing trend year by year. However, the promotion effect of advertising is far from the expected effect of the company, and these data are worthy of reflection^[3].

4.2 Online Sales Lead to Lack of Customer Experience

Although Three Squirrels has offline stores, the number of them is extremely limited, most of the Three Squirrels products have been sold online. However, the network is virtual, online goods can only bring visual experience, and customers cannot really feel the goods. Only after receiving the goods can they feel the quality of the goods and experience the taste of the products, rather than the various attributes of the goods that customers can feel at the first time in physical stores. Although most regular customers do not necessarily need to experience the product in real life before buying it, because they have formed brand dependence, some customers still buy it for the first time, and buying it online rarely allows them to experience the same experience as traditional shopping models. The key to food sales is to increase consumers' taste experience of the product. If it keeps using long-term online sales, customers cannot experience the real taste of the food and create an intuitive impression of the product^[4], it is difficult to attract a large number of consumers.

4.3 Disappearance of the Enterprise's Advantage of "Service beyond Expectation"

For a long time, Three Squirrels have served consumers according to the core concept of exceeding customers' psychological expectations. This mode has brought unexpected excellent reputation to the enterprise at the initial stage of the company, stimulated customers' cyclic consumption, and driven the sales volume to rise rapidly. However, competitors have successively imitated Three Squirrels to attach convenience items such as wipes and gloves to the packaging, so that such small actions that warmed customers at first have become commonplace. The advantage of Three Squirrels' "unexpected service" in the industry no longer exists.

4.4 The Three Squirrels Have Low Investment in Product Research and Development.

From 2014 to 2018, the R&D investment of Three Squirrels only accounted for about 0.32% of the

operating revenue^[5], far below the average level of 1.79% in the same industry.

5. Three Squirrels Suggestion

5.1 Increase Product Taste to Meet the Preferences of Consumers in Different Regions and Ages

The goal of Three Squirrels in product taste is to meet the preferences of all customers in different regions. It is not easy to do this, it needs to constantly enrich product taste and variety, and constantly develop advanced services. At present, the target consumers of Three Squirrels only include the post-90s and some post-80s, while the middle-aged and elderly groups with stronger consumption capacity are relatively absent. In the face of such fierce competition in China's snack food market, Three Squirrels must be based on the current target consumer groups, enrich products, and expand the target customers to more age stages.

In terms of product functions, since nuts are good for the brain, Three Squirrels can step into the field of health food or dietotherapy. For example, for infant and child products, products can be introduced to promote intellectual development and nutritional balance; Health food can be introduced for middle-aged people to meet the functional demands of sub-health and weight loss; For the elderly, products for health preservation and longevity can be introduced, including products to reduce the threat of cardiovascular and cerebrovascular diseases and promote gastrointestinal peristalsis^[3].

5.2 Create New Media Marketing

Since 2018, short video applications such as Tiktok and Kwai have become extremely popular. Three Squirrels should seize the opportunity of new media and set up official accounts on these platforms for publicity and promotion. Invite some well-known bloggers to recommend, and use a large number of fans to make the brand communication effect better. Or invite some online celebrities to shoot three squirrel promotion advertisements to attract market. Promote brand development through multi-channel communication.

5.3 Forecast Future Consumption Demand and Seize the Market

Only when goods meet the needs of the market and consumers can they have value and become truly worthy of the name. Three Squirrels has their own systems and experience in big data analysis. What should be done next is to use the advantages of relevant data to research and analyze consumers, explore the future market demand, formulate corresponding product and business strategies, further seize the market, stay at the forefront of the market, avoid losing the market due to poor information, and must be ahead of competitors.

5.4 Combination of Online and Offline to Develop New Retail Model

Since 2019, Three Squirrels has accelerated the pace of offline store expansion, which took more than two years. The number of offline stores of Three Squirrels has exceeded 1000. However, offline stores are expanding while experiencing a "closing tide". In 2020, Three Squirrels closed 62 stores in total. In the first half of 2021, the number has risen to 138. The reason is, on the one hand, affected by the COVID-19, and on the other hand, the lack of standardized control of products^[6]. The change in the mode of online sales to offline direct sales in China's market has forced the marketing strategy of Three Squirrels to go beyond the online platform. Three Squirrels has few offline stores, which is difficult to fully cover the whole market and form a marketing network. In addition, the offline promotion is seriously insufficient, which limits the after-sales service of consumer groups to a certain extent. Therefore, we must consider investing in building more physical stores and expanding the sales market. Constantly improve the store functions, shorten the distance between products and consumers, and let consumers enjoy the pleasure and comfort brought to them by Three Squirrel brands. If offline marketing is ignored, on the one hand, a number of potential consumers are likely to give up buying because they are not suitable for online communication; on the other hand, repeated online panic buying failures will prompt consumers to choose products of other brands^[7].

6. Conclusion

In the age of network, the marketing model of the last century can no longer meet the needs of market development. As a young company, it has only been ten years since the brand sprouted, now Three Squirrels has grown into the leaders in China's food nut industry. Although the development trend is still good, Three Squirrels must focus on customers, pay attention to market demand at any time, change and improve marketing strategies, and promote the enterprise to stand in the competitive market.

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