



# THE SECRETS TO SUCCESS FOR EMERGING CHINESE BRANDS

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## THE F&B INDUSTRY

April. 2021

**Double V.**  
Training & Consultancy

**daxue** consulting



# CONTENT OUTLINE

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# Food & Beverage industry overview

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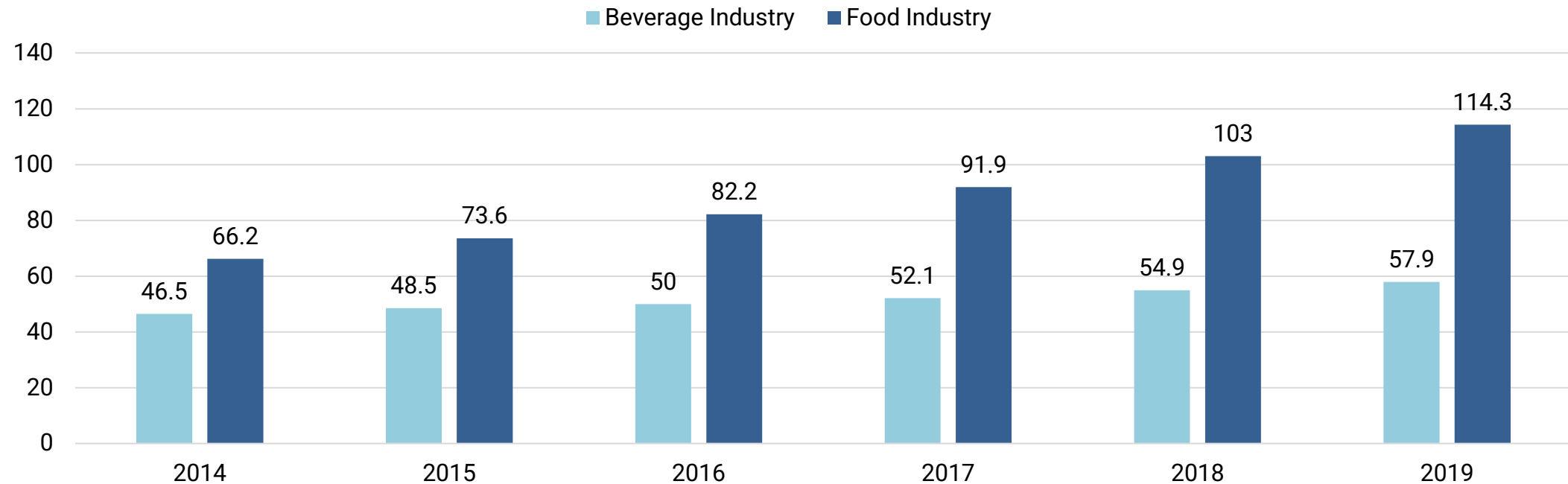
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# China's F&B industry has evolved dramatically over the past decades

- In recent years, both the increase in Chinese consumers' disposable income and increasing health awareness have given rise to new categories and brands in the market.
- China's increased health awareness drives sales for categories like milk and nuts, while snack, soft drink and instant meal brands aim to improve their ingredients and decrease sugar and calories, and use higher quality ingredients.

**Market Size of Beverage and Food Industry in China**  
(billion RMB, 2014 to 2019)



Source: Forward the Economist, designed by daxue consulting

# How F&B branding is getting more innovative and experimental

Brands are trying more ways to build brand image, offline retail stores are no longer the only way.



Digital marketing



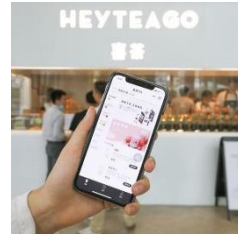
Co-branding



Brand peripheral product



## Example



**HEYTEA GO**  
online order mini program



**BIG EVE**

NAYUKI cooperated with a beauty brand



**Starbucks**  
produce peripheral products like cups, bottles, bags etc.

## Benefits

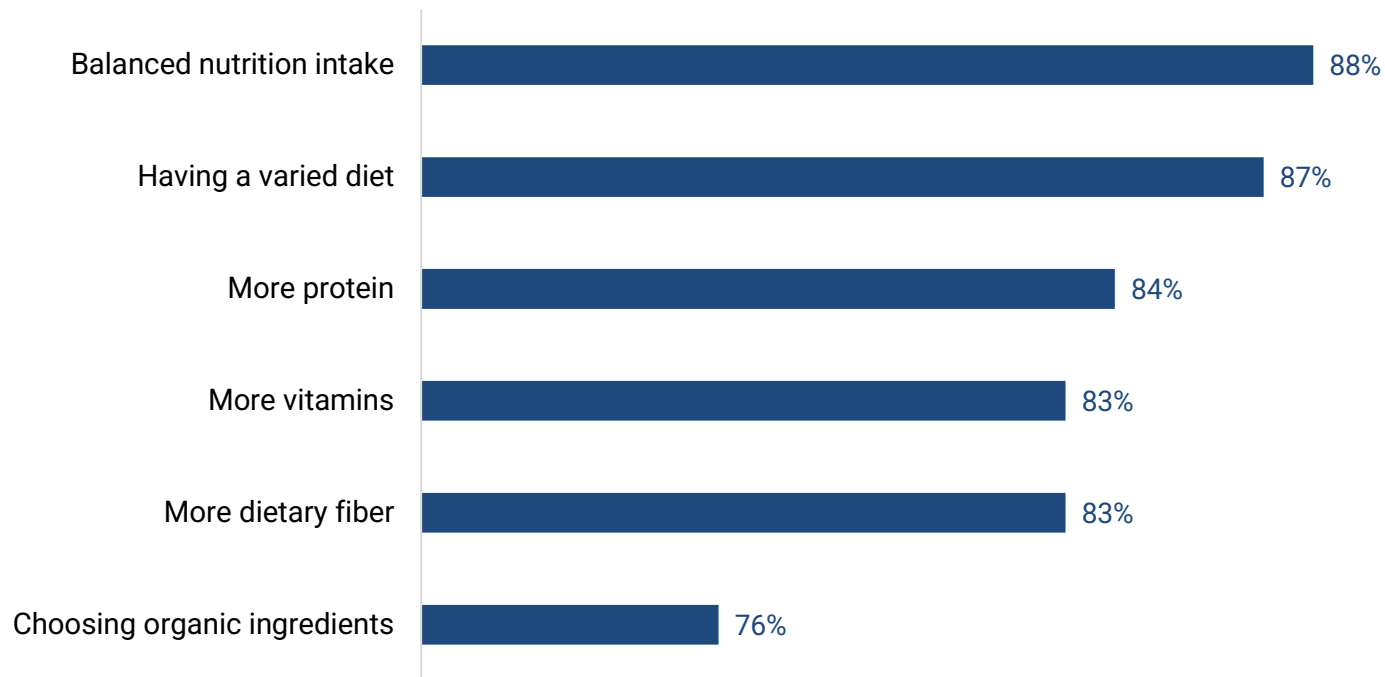
- Improves purchase experience: customers can save time by pre-ordering through the mini program.
- Reduces offline store pressure: staff can better plan the drink-making process since there's more time between order and pick-up compared to in-store orders.
- Attracts potential customers from other industries.
- Co-branding will also cause consumers to look forward to new collaborations and products.
- It represents not only a coffee brand but a lifestyle brand.
- Brand innovation of peripheral product can make the brand unique.

# Increasing health awareness after COVID-19

- Many Chinese consumers have been pursuing a healthier lifestyle in recent years, especially after COVID-19.
- COVID-19 changed Chinese consumers' behaviors, they researched more key words related to "Health" on social platforms.

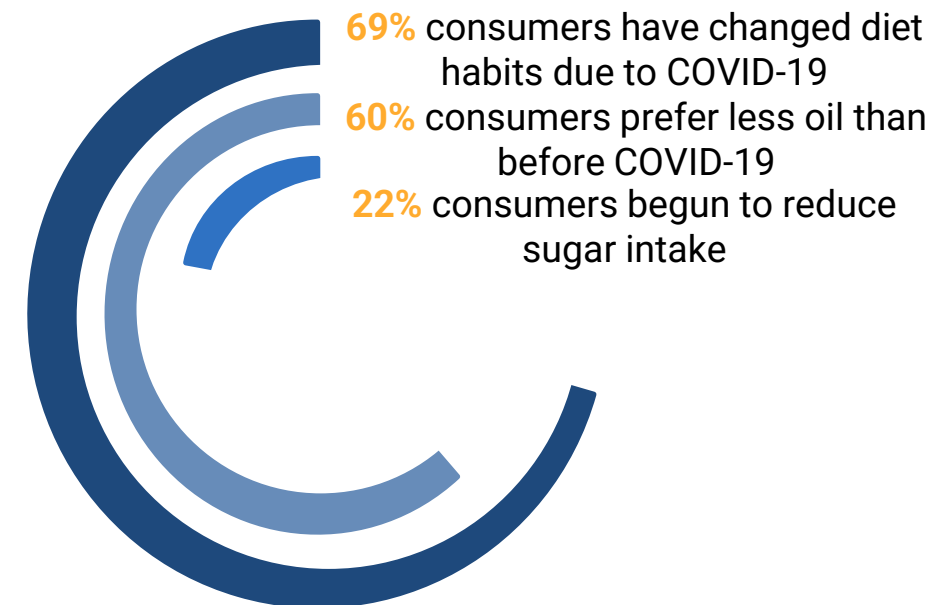
## What are the changes of Chinese consumers' eating habits after COVID-19?

(Online survey by Ipsos of Chinese consumers, N=1,835, 2020)



## Diets have changed after COVID-19

(Online survey of KEEP fitness consumers, 2020)



Source: Ipsos, KEEP

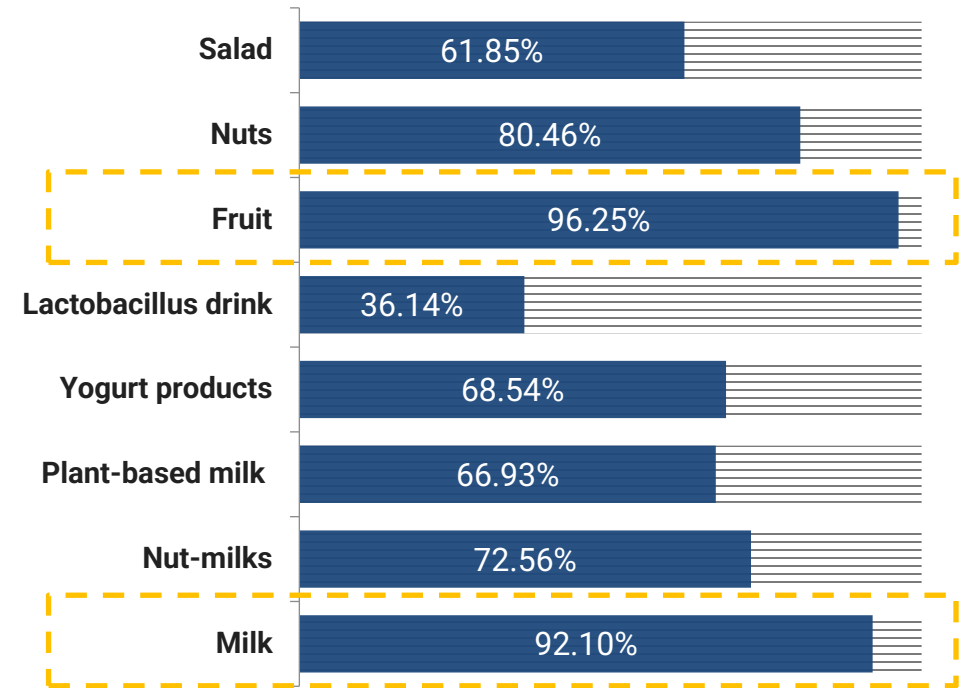
# While most Chinese consider health important, “healthy” is subjective

- **Added sugar** and **trans fats** which are widely recognized as unhealthy in the west, have a relatively neutral perception in China, for example, **35%** of survey respondents believe Trans fats are either neutral or healthy. However, more brands are marketing their products as “low or no sugar”, which goes hand-in-hand with increasing health awareness.
- More Chinese believe **milk** is healthier than salads, despite the high prevalence of lactose intolerance in the country.

**Chinese consumers’ perceptions of specific nutrients**  
(Daxue consulting survey, N=747, 2021)

	Very unhealthy	Unhealthy	Neutral	Moderately healthy	Very healthy	Unfamiliar with it
<b>Protein</b>	0.1%	1.1%	11.2%	56.0%	30.3%	1.3%
<b>Added sugars</b>	3.5%	19.1%	43.8%	28.0%	4.3%	1.3%
<b>Fat</b>	1.6%	14.1%	39.9%	37.1%	5.9%	1.5%
<b>Trans fat</b>	19.8%	31.1%	24.8%	8.4%	2.1%	13.8%
<b>Omega-3</b>	0.9%	3.5%	32.0%	24.2%	8.4%	39.9%
<b>Caffeine</b>	2.8%	18.7%	47.4%	25.7%	3.2%	2.1%
<b>Fiber</b>	0.1%	0.9%	5.9%	58.8%	33.2%	1.1%
<b>Carbs</b>	1.1%	6.2%	30.1%	49.7%	12.3%	0.7%

**What food items Chinese consumers consider healthy**  
(Daxue consulting survey, N=747, 2021)



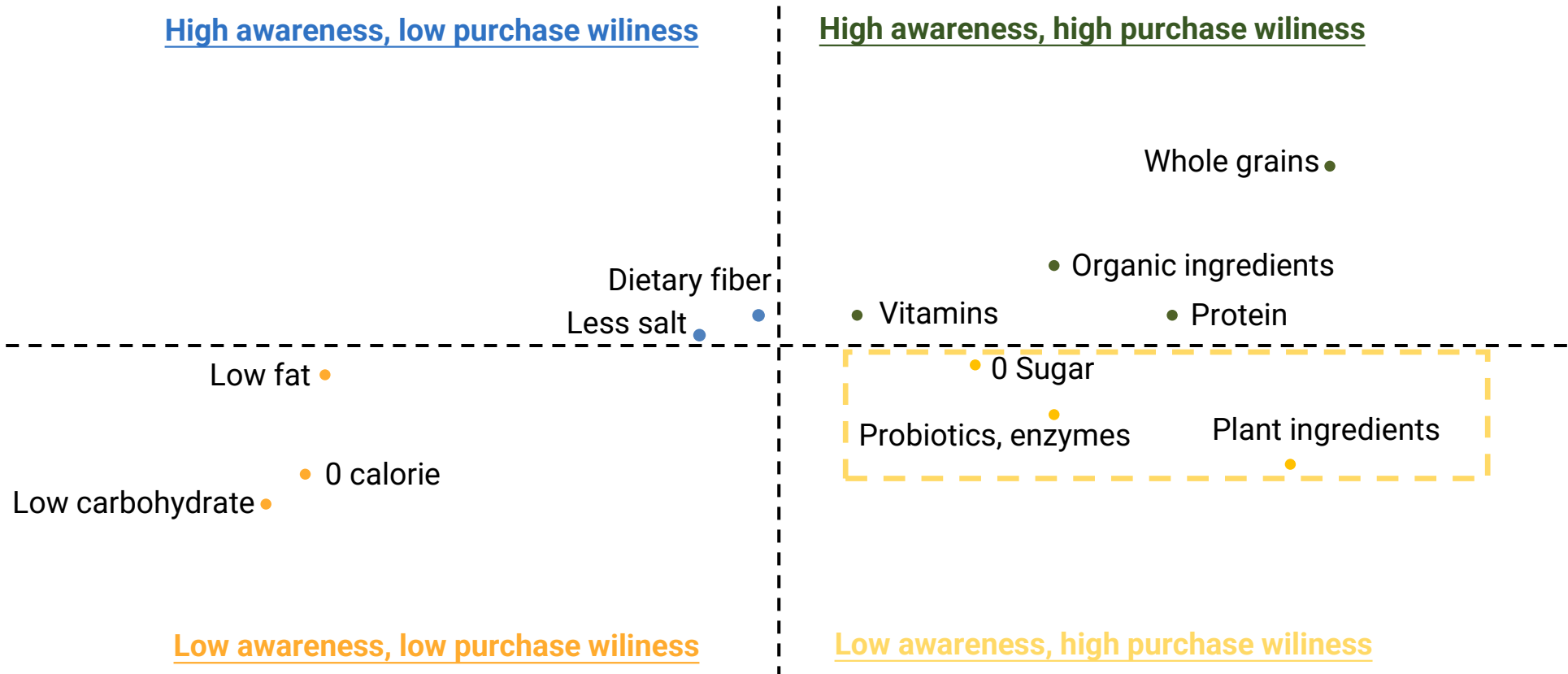
Source: Daxue consulting survey of Chinese consumers

# High willingness to purchase 0-sugar, probiotics and organic foods

- Around **99%** interviewees will purchase low sugar or 0 sugar food but **50%** also have requirements about taste.
- 0 Sugar, probiotics, and plant ingredients have huge potential in China F&B industry, while organic, vitamins, protein, vegetables & fruit, and whole grains now are in the blue ocean field.

## Consumers' awareness and purchase willingness towards health elements

(Online survey of Ipsos of Chinese consumers, N=658, 2020)

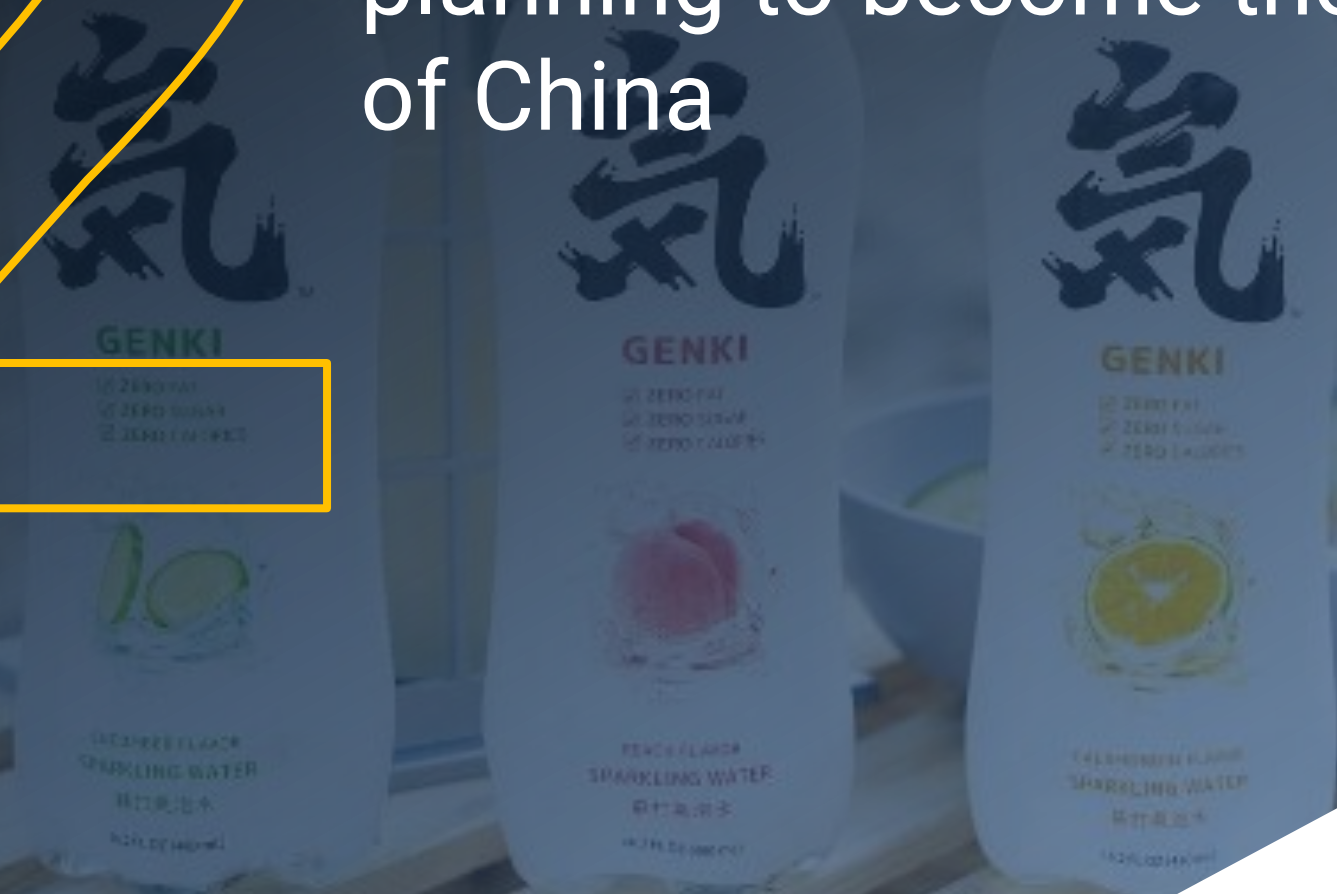




2

# Genki Forest

planning to become the “Coca-Cola”  
of China

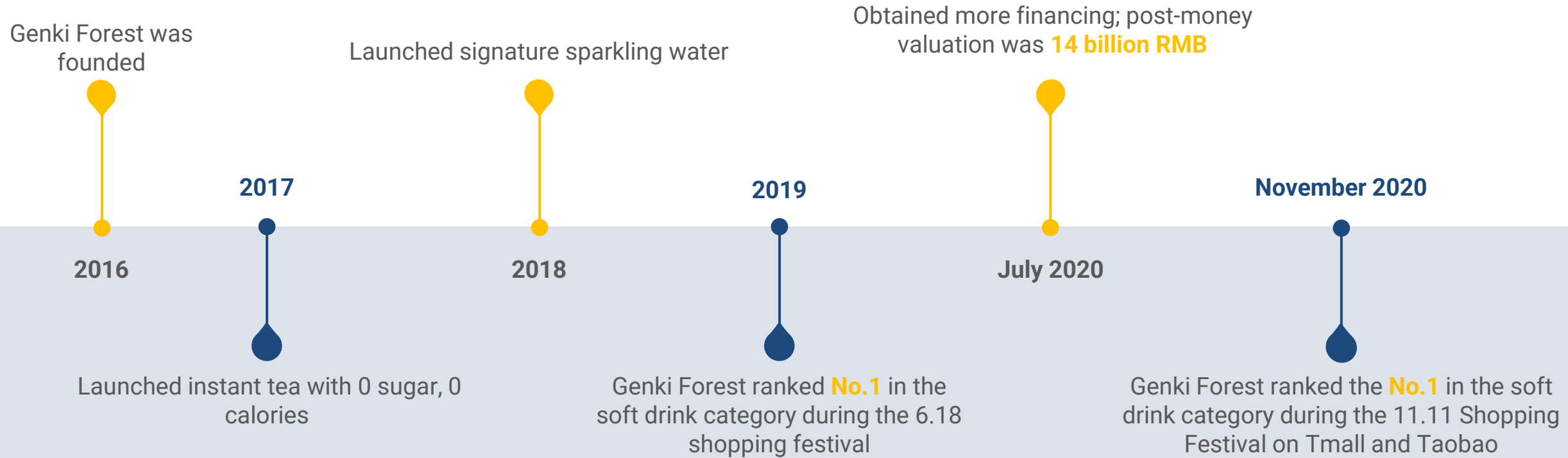


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# Genki Forest: A new innovative soft drink brand

- Genki Forest is a Chinese soft drink brand with main product lines in sparkling water and instant tea. The target customer group of Genki Forest are 20-30 years old urbanites who want both health and taste.
- The brand concept of Genki Forest is “0 sugar, 0 calorie, 0 fat”. Following the country’s economic development, Chinese people attach much more importance to their health. Genki Forest’s relatively healthier soft drinks meet the market demand caused by this trend.



# Genki Forest has a neat, Japanese style packaging

- Japanese products, which are known to be high-quality while aesthetically pleasing, are very attractive to these consumers. Therefore, Genki Forest designed neat Japanese style packaging, leading customers to think it is a Japanese brand.
- To enhance the Japanese image, it also invited KOL @Natto Grandma (纳豆奶奶) who lives in Japan to endorse their ready-to-drink tea product.



**December. 2016**  
**Oolong Tea Drinks bottle**

Genki Forest launched Oolong Tea Drinks in 2016 for Christmas. The packaging is neat and has the big Chinese character “燃” on it, referring to its name.



**August. 2020**  
**Milk Tea bottle**

The bottle of milk tea is designed to be short and fat, its front side has a cartoon girl with a round face and a happy smile. The brand and product names are black on white background, which highlights the brand name and product nature. The design style is a nostalgic reminder of youth. But the carton girl design also caused controversy due to it being copyrighted.



**August. 2018**  
**Sparkling water bottle**

Genki Forest launched sparkling water in 2018 with the concept of “0 sugar, 0 calorie, 0 fat”. The packaging is neat and Japanese style. The light pink pattern brings the consumers a sense of youth



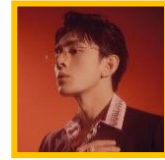
**September. 2020**  
**Juice Sparkling Water bottle**

Genki Forest launched new product in 2020, the Juice Sparkling Water which have three different flavors, grape fruit, black grape and green apple. From its packaging it looks more like juice, with more than a half of the packaging being covered with the corresponding fruit pattern.

# Strategy 1: Cooperating with different levels of influencers

By sponsoring variety shows and cooperating with celebrities, KOLs and KOCs, Genki Forest makes the most the bandwagon effect.

Genki Forest has been featured in the live-streams of top KOLs Li Jiaqi and Weiya. Product tests and sharing (种草) posts put on Xiaohongshu / Douyin from influential bloggers attract many young consumers who care for their health and refuse to gain weight.



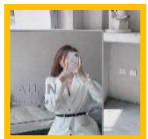
@李佳琦Austin



@薇娅viyaaa

## SALES-DRIVEN

KOCs share their feedback about Genki Forest, and have a more credible voice than KOLs.



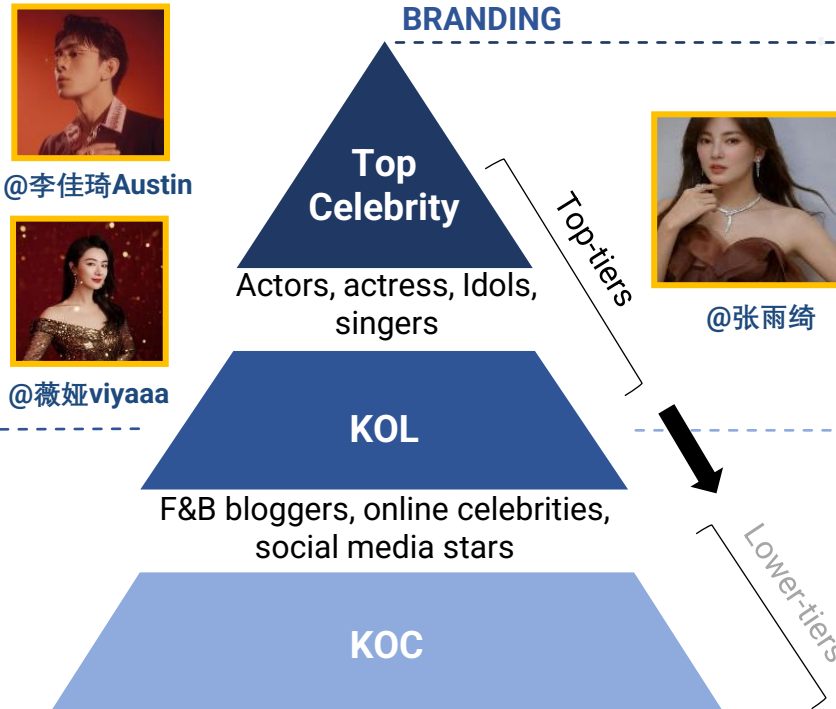
@雪姨儿Jennifer



@香菇卤肉酱



@Estrella



## BRANDING

### Top Celebrity

Actors, actresses, idols, singers



@张雨绮

Genki Forest invites various celebrities to endorse the brand, not only idols, but also singers and actors. The strategy created momentum and huge traffic among different fans.

## PRODUCT POPULARITY

Despite the relatively smaller follower base and limited influence coverage, KOCs penetrate niche consumer segments and have **stronger credibility** in product reviews. They are paid to keep active discussions on well-established products and create awareness for less-recognized or new products.

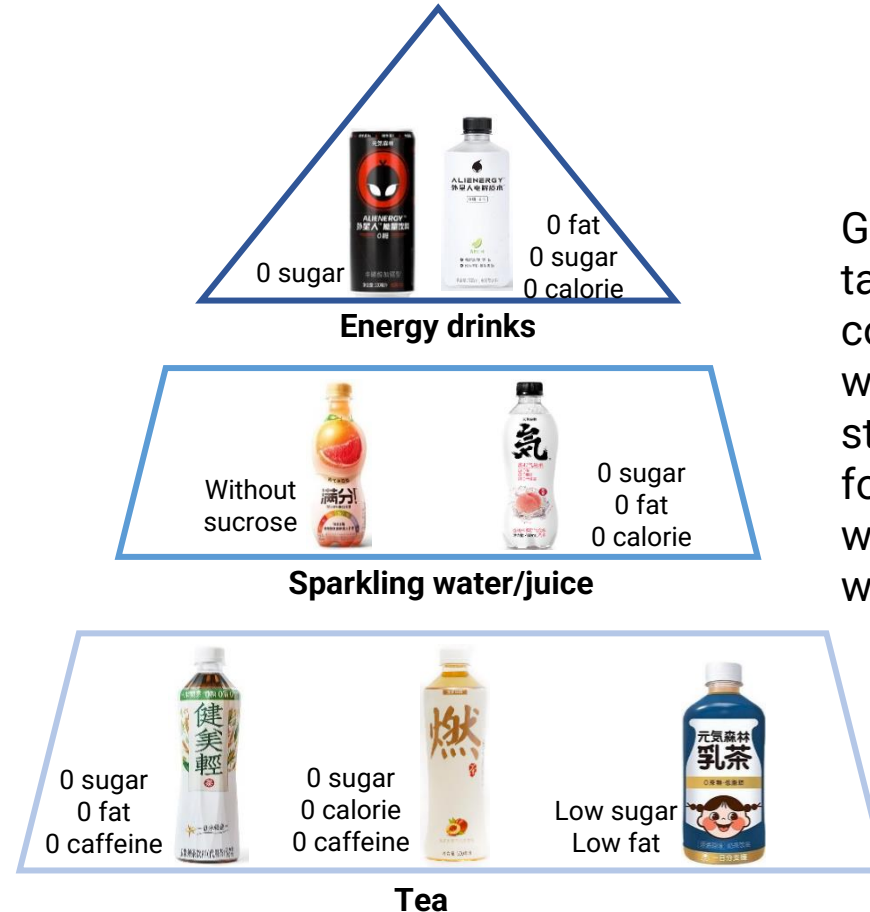


# Strategy 2: Focus on “healthy drinks” to cater to consumers demand

- Genki Forest has a brand promise of creating healthy soft drinks. Based on its promise, the marketing message is “0 sugar, 0 calorie, 0 fat”. The brand uses natural sugar substitutes like erythritol to control its soft drinks’ calories.
- Increasingly more young people desire low-calorie yet flavorful beverages, so Genki Forest seized this opportunity.



At the time when 0 sugar products were launching in the Japanese market, the “0 sugar 0 calorie” marketing concept had existed in China, Genki Forest was one of the first to use this marketing concept in China



Genki Forest targets consumers who have a strong demand for soft drinks without gaining weight.

# Strategy 3: Invest in healthier and tastier ingredients

- Genki Forest reduces gross profit to enhance taste, rather than following the one-sided pursuit of scale and profit. Leading enterprises like Coca-Cola refuse to use meso-Erythritol due to the higher cost than aspartame.
- Using meso-Erythritol and sucralose to create the taste of sucrose, its sweetness is only 60-80% of sucrose. More importantly, meso-Erythritol contains almost no calories.

## Genki Forest

Production costs: **2 RMB**  
 Price of distribution: **2.8 RMB/bottle**  
 Gross Profit margin: **28.6%**

- **Meso-Erythritol:** 3~5 Units
- **Sucralose:** 0.0065~0.009 Units
- **Sodium bicarbonate:** 0.001~0.5 Units
- **Citric acid:** 0.04~0.1 Units
- **Food flavor:** 0.005~0.07 Units
- **Water:** 90~98 Units



- 1 RMB  
Raw materials
- 0.5 RMB  
PET
- 0.5 RMB  
Warehouse logistics

**V.S**

## Coca-Cola

Production costs: **1.1 RMB**  
 Price of distribution: **3 RMB/bottle**  
 Gross Profit margin: **63.3%**

- **Aspartame**
- **Caffeine**
- **Sodium bicarbonate:** 0.4~0.5 Units
- **Citric acid:** 0.04~0.1 Units
- **Flavor:** 0.005~0.07 Units
- **Water:** 90~98 Units

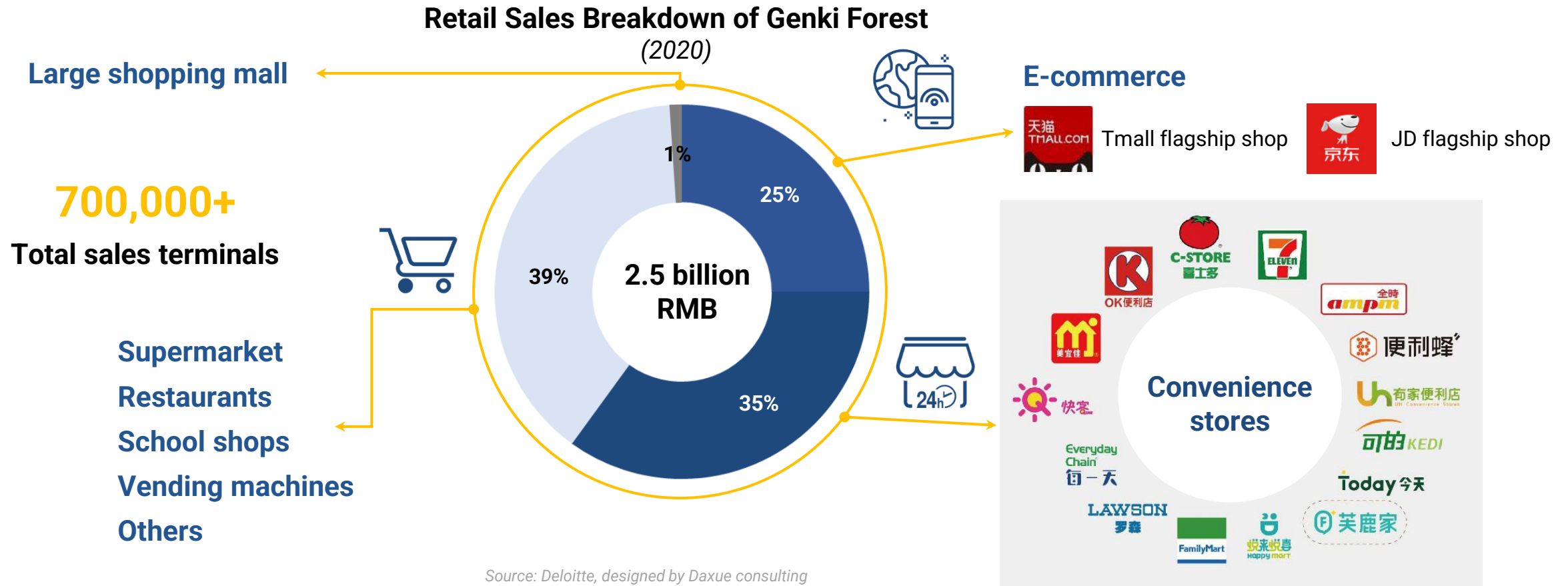


- 0.2 RMB  
Raw materials
- 0.6 RMB  
Bottle
- 0.3 RMB  
Warehouse logistics

Source: Genki Forest and Coca-Cola annual report, designed by daxue consulting

# Strategy 4: The combination of convenience stores and e-commerce

- Convenience stores grow very fast in China and their main consumers overlap with Genki Forest's target group of urban **20-29 year olds**. Convenience stores allow the product to be accessible to students and white-collar workers.
- On e-commerce platforms, Genki Forest joined marketing activities like Tmall's Black Box to get more exposure for its new products.



Source: Deloitte, designed by Daxue consulting

# Pain points: Obstacles to further expansion

## No consistent pricing system

- The relatively high prices of Genki Forest will have a negative influence on its sales in Tier 3 and 4 cities, potentially costing a great number of customers.
- On top of this, the retail prices of its products are unstable. Customers can find different prices in different convenience stores within a small area.

## Outsourcing production

- Genki Forest can't control the product quality and will have a higher production cost.
- Although it began to build its own factory in September 2019, it still can't satisfy the market demand.

## Misleading customers

- When Genki Forest launched its milk tea, it claimed the product has 0 sucrose, but the product contains sucrose.
- The irresponsible advertising may significantly damage its brand reputation.



## The success is easy to copy

- The Chinese soft drink industry doesn't have obvious technical or market barriers to entry, and any brand with sufficient capital can imitate the pyramid promotion strategy of the Chinese soft drink brand.
- In addition, Genki Forest is going to facing a fierce business competition in the sparkling water market. Chinese soft drink magnates and popular brands are starting to expand their product lines in sparkling water. For instance, Coca-Cola recently created a new sparkling juice drink called Appletiser; Yili Group established their own sparkling water; HEYTEA's sparkling water already entered convenience stores.

## The brand hasn't reached consumers from lower tier cities

So far, the offline sales of Genki Forest are mainly from East and South China markets, especially tier-1 and 2 cities. In lower tier cities, Genki Forest hasn't appealed to soft drink consumers as they are more price-conscious people.



# 3

## Coffee Pls

high-quality coffee with an enthusiasm for co-branding

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# Coffee Pls: A rising instant coffee brand

- Coffee Pls. is a Chinese coffee brand founded in 2014 by Shanghai Yongpu Culture Creative Co., Ltd. It focuses on high quality instant coffee with low price and portable packaging, aiming to bring high quality instant coffee to consumers.
- Coffee Pls targets women between **22-30 years old** and the brand concept is “boutique and portable”.



# Package design based on co-branding and popular IP

By co-branding with more than **400 brands/IPs**, Coffee Pls gained popularity in a short time period. At the meantime, its unique design made the product fun and desirable.

2015~2020



**#Coffee Pls × Cat's Kitchen 日食记#**  
Coffee Pls has cobranded with Cat's Kitchen for five years after the two founders became good friends.

2017.06



**#Coffee Pls × I Can I BB 奇葩说#**  
Coffee Pls launched a campaign named "seven days drip bag coffee" with 7 flavors, each bag has a sentence with philosophical meaning.

2019.09



**#Coffee Pls × Better Days 少年的你#**  
This film tells a love story between a boy and a girl. Coffee Pls wanted to stress that youth is like coffee, because its slightly bitter, but time will eventually brew everything into a mellow sweet.

2019.10



**#Unique UFO-Packaging**  
Consumers like to use this UFO-shaped packaging to make DIY artwork.

2019.12



**#ShiDuanzheng#**  
The packaging contains its own logo, the "Shi Duanzheng". Coffee Pls selected "mascots" with Chinese characteristics and finally settled on a redesigned stone lion.

2020.08



**#Coffee Pls × Snoopy#**  
Coffee Pls. cobranded with Snoopy to celebrate its 70th anniversary. Coffee Pls sold this gift box with the slogan "I have a good friend whose name is Snoopy. If we can, we want to always bring you love and joy."

2020.09



**#Coffee Pls × QQ Music#**  
—Music your Coffee  
It included co-branded freeze-dried coffee, limited coasters and stickers, and VIP seven-day experience card of QQ music.

2021.02



**#Coffee Pls × Hello Kitty#**  
—Music your Coffee  
Coffee Pls promotes their new Coffee with Hello Kitty. The pink packaging is tried to attract more women for the preparation of International Women's Day. The slogan of this cobrand is "Hello Kitty, Hello Coffee".

# Strategy 1: Using quality ingredients as a selling point

Coffee Pls collaborated with a Japanese coffee factory to develop Flash Brew Coffee, which can be stored at room temperature for 365 days. Coffee Pls also promotes Super FD Coffee (Freeze-dried Coffee), which can be dissolved in any liquid.

## Flash Brew Coffee



- 10 times the concentration
- Options include hazelnut, black coffee, black tea, Kyoto Uji matcha, white peach oolong tea and other rich flavor beverage options

## Coffee extracted with unique technology attracts customers



后来看他们科普了一下才知道，一般的浓缩咖啡是2~4倍的浓缩，据说他们家有独家的技术可以保留10倍的浓缩，保留100%的咖啡原味，所以口感很明显的感觉到比一般的要醇厚的多

而且他们家根据不同的人有五种口味可以选，无糖黑咖，榛果，红茶，抹茶，白桃乌龙等等，有些人和我一样不喜欢咖啡味太苦过重，但是想要提神保持好的精神状态元气满满的，可以考虑其他口味的。

Exclusive technology can maintain 10 times the concentration, retaining 100% of the original flavor of coffee, so the taste is significantly more than the general mellow

小红书

之前我有买过他们家的冷萃咖啡条，是觉得还不错的，早上起来操作也很简单，在保温杯里加一点牛奶倒一条进去，超级方便，很适合上班族~



沈炼的四碗水 2020-9-3

哇！早早就听说过闪萃这个工艺，貌似咖啡行业都没有几家公司引进这个技术，没想到在国内也有这么黑科技的咖啡产品了！永璞真的是国内咖啡标杆，希望国货能日渐崛起，永璞也可以带给我们更多好的产品 and 惊喜~❤

👍 7 🗨️ 🔄 🗨️

UP主觉得很赞

I've heard of the flash extraction process, I did not expect that there is now domestic coffee brand which has used this technology.

I once bought its coffee. It is really easy to dissolve in milk, which is optimal for office workers and commuters

## Freeze-dried Coffee



**Sold 1.5 million box**  
during 6.18 in 2019

Rapid dissolution in 3 seconds  
in all temperature liquid

Source: JD.com, designed by daxue consulting



# Strategy 2: Different types of content to match consumers' tastes

Coffee Pls published content with different focuses on each social media platform

- 1) On Weibo, it usually promotes its co-branded coffee products.
- 2) On Bilibili, it makes videos to introduce ways to drink coffee with different liquids.
- 3) On Xiaohongshu, Coffee Pls shows coffee and food pairings



**Weibo**  
 “Good Taste, Never Alone”  
 campaign with more than  
 36 brands in 6.18

It brought 10 times more free traffic to its Tmall flagship store than the same period of the prior year. It launched a second phase of this campaign during the Double Eleven period in 2020, with 60 brands co-branding partners.

👁️ 30.1 million views  
 💬 30,000 comments



**Bilibili**  
 Video series named  
 “Challenge the 1001 ways  
 to drink coffee”

In every video Coffee Pls dissolves its Cold Brew Coffee with one liquid and intends to demonstrate that its coffee can be enjoyed with any beverage.

So far Coffee Pls has dissolved its Coffee in red tea, peach juice, mint soda and more.



**Xiaohongshu**  
 Dessert or beverage  
 sharing with its coffee.

Coffee Pls collects private experience from its loyal customers and edits the contents in Xiaohongshu.

In addition, it also introduces how to cook this food.

❤️ 1,219 likes  
 ★ 1,355 collected

# Strategy 3: Converting public traffic into private traffic

Coffee Pls created “Shiduanzheng”, its main IP, services to maintain engagement. The brand gets closer to consumers through private communication.

## Shiduanzheng 石端正



### Who is It?

The main IP created by Coffee Pls.

### What's its role?

- Provides information on coffee
- Synchronize timely recent activity information
- Provider of real-time customer service

永璞 永璞 —— 随时随地，惊喜咖啡。  
 天猫：永璞旗舰店  
 微博：永璞咖啡 / 永璞石端正

👉 点击添加【永璞石端正】，领取限定款徽章。

🙏 「石端正御守」免费领取中，对话框回复【御守】，查看领取规则。

永璞 积分变动，恭喜您！关注公众号获得100积分



Follow Coffee Pls's Public Account



Add WeChat account called “Shiduanzheng”



Scan codes to get free gifts

石端正有自己的朋友圈和【咖啡生活研究所】，平时会分享永璞各种咖啡的好喝喝法，也会在群里和璞友们讨论交流最新活动和信息。

如果你和石端正一样，喜欢喝咖啡、交朋友，不妨添加石端正好友，互相分享咖啡生活。

为此端正准备了一个见面礼  
暗号兑换徽章

- step1 添加永璞小神兽石端正微信，回复「暗号」
- step2 在永璞天猫旗舰店下单时，订单备注暗号
- step3 将随单附赠一枚“石端正”徽章噢~



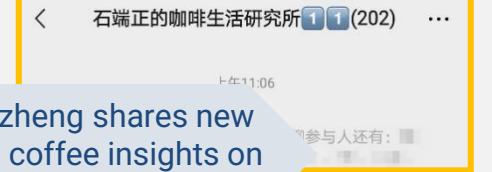
Receive invite to WeChat group

邀请你入群聊  
 “石端正”邀请你入群聊石端正的咖啡生活研究所，进入可查看详情。



谢谢






Shiduanzheng shares new activities coffee insights on WeChat moments



# Pain point 1: Higher price may hurt people's desire to buy

- Compared to both international and domestic coffee brands, the retail price of Coffee Pls. is slightly higher.
- At the meantime, the product quality of Coffee Pls. isn't well above its competitors, therefore its higher price may be detrimental to attract more consumers.

## Coffee Pls. and its competitors

Brands	Main coffee products	Package size	Retail price	Price per gram
<b>Coffee Pls.</b> 	Freeze-dried Coffee	12*2.8g	99 RMB	2.95 RMB/g
	Drip Bag Coffee	36*10g	149 RMB	0.41 RMB/g
	Cold Brew Coffee	30*22ml	139 RMB	/
<b>Saturnbird</b> 	Freeze-dried Coffee	24*3g	189 RMB	2.63 RMB/g
	Drip Bag Coffee	36*10g	159 RMB	0.44 RMB/g
	Cold Brew Coffee	18*2g	89 RMB	2.47 RMB/g
<b>SENGINE</b> 	Freeze-dried Coffee	6*2.8g+6*2.1g (black coffee) and (tea coffee)	89 RMB	3.03 RMB/g
	Drip Bag coffee	36*9g	139 RMB	0.59 RMB/g
<b>NESCAFE</b> 	Instant Coffee	20*15g	79 RMB	0.26 RMB/g
	Drip Bag coffee	21*9g,	117 RMB	0.62 RMB/g
<b>UCC</b> 	Instant Coffee	90g	59 RMB	0.66 RMB/g
	Drip Bag coffee	18*126g	55 RMB	0.02 RMB/g



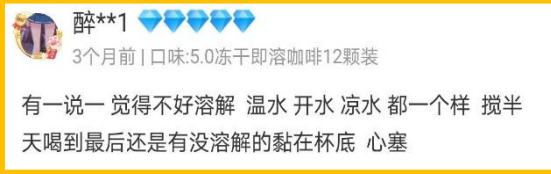
# Pain point 2: Consumers complain about taste and packaging

- Many consumers complain about the light flavoring of some products.
- In addition, some people found the coffee is not as easy to dissolve as Coffee Pls advertised and the UFO-Packaging is hard to open.

白桃乌龙香精味太重了，而且很淡，150左右奶差不多，以后不会再买。小伙伴谨慎购买  
The flavoring is too light, I won't buy it



质量品控不太过关，飞碟杯盖不紧。  
The product has low-quality package.  
The UFO-Packaging is hard to twist tightly.



有一说一觉得不好溶解，温水、开水、凉水都一个样，搅拌半天喝到最好还是没有溶解的黏在杯底，心塞。  
I feel it is hard to dissolve, no matter what water I use, warm water, boiling water, cold water it doesn't work. I stir it for a long time, but it doesn't dissolve and sticks to the bottom of the cup.

真的没人觉得永璞咖啡的红茶风味闻起来喝起来都有一股怪味儿吗 (或许是类似抗病毒口服液的味道……或者什么口服液的味道)

说点什么...

7 收藏 55

真的没人觉得永璞咖啡的红茶风味闻起来喝起来都有一股怪味儿吗 (或许是类似抗病毒口服液的味道……或者什么口服液的味道)  
Is there really no one who feels that the black tea flavor Coffee smells and tastes weird (perhaps similar to the taste of anti-viral oral liquid ..... or what other oral liquid taste)

#盖子打不开# The lid is hard to open

#味道淡# Light flavoring

#难溶解# Hard to dissolve

Source: Sample of Tmall & Xiaohongshu designed by Daxue Consulting





# Ramen Talk

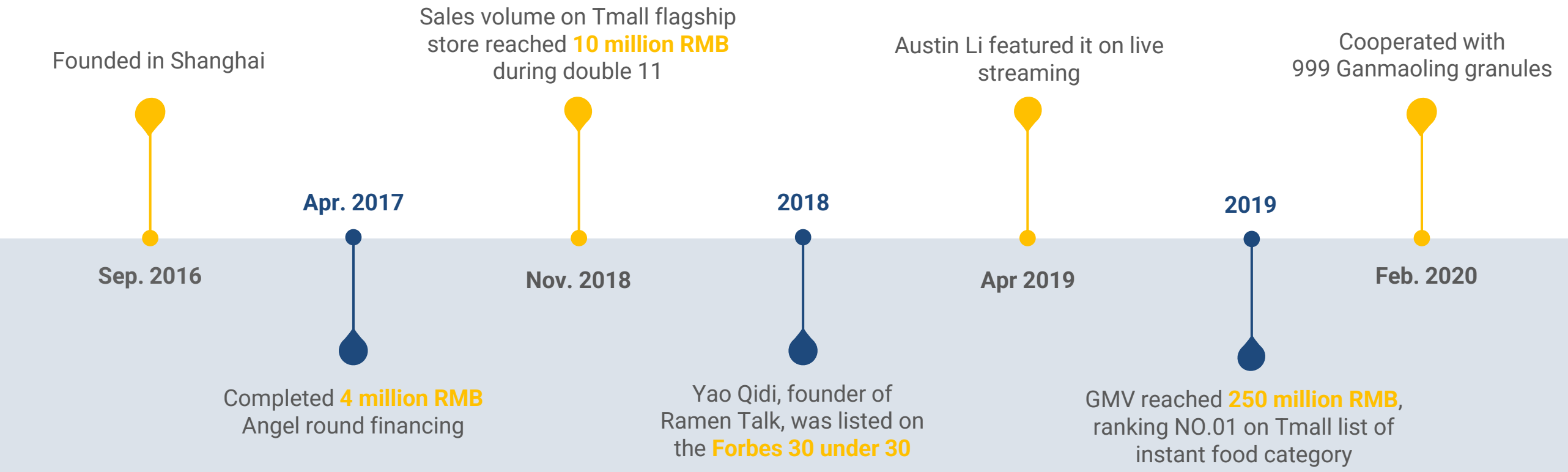
founder for “Ready to cook” series  
food

Double V.  
Training & Consultancy

daxueconsulting

# Ramen Talk: Filled a market gap in the instant food industry

Ramen Talk makes instant noodles that can be compared to restaurant quality noodles, it also can be called “Restaurant-level instant noodles”.



# Ramen Talk is keen on developing new flavors

- Following Ramen Talk's concept, "Taste of home", the brand insists on using high quality ingredients, and is attentive to every detail.
- In addition to the traditional recipe, Ramen Talk also provides Udon noodles and snacks. The time in between each new product release is only a little over one month, which is much faster than traditional instant noodle brands. It brings a steady flow of new consumers to the brand.

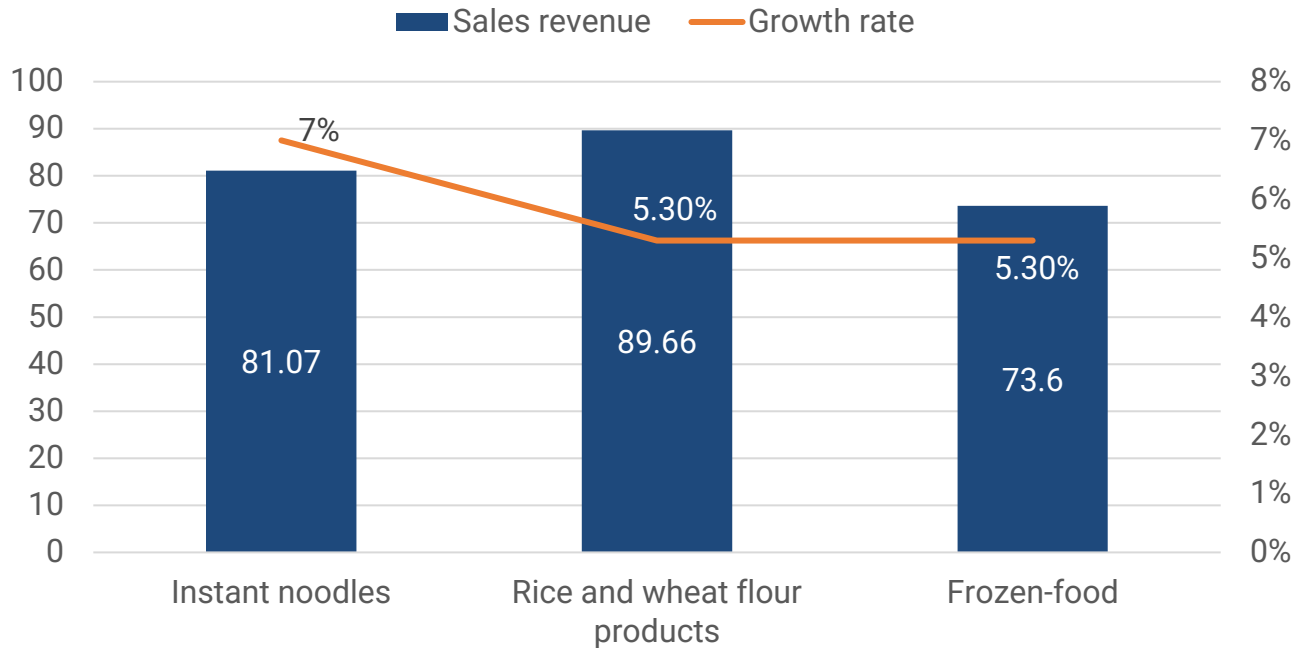




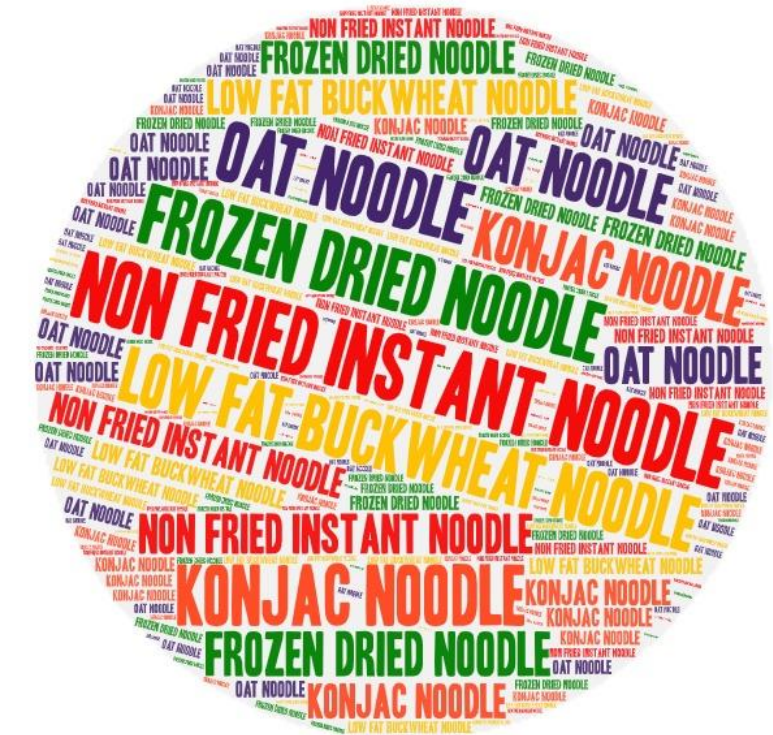
# Strategy 1: Fill the market gap between convenient and premium food (1/2)

- In recent years, China's instant food market has entered a new period focused on health. Non-fried instant noodles rank NO.1 among all types of instant noodle.
- From 2018 to 2020, the market size of instant noodles has increased rapidly, especially after COVID-19.

**Sales of the instant food on Tmall by categories**  
(million RMB, 2019)



**Hot & popular instant noodle categories**  
(Online survey of CBNDATA with Chinese consumers)



Source: Ipsos, CBNDATA



# Strategy 1: Fill the market gap between convenient and premium food (2/2)

Compared to traditional instant noodle brands, Ramen Talk innovates not only in noodle types, but also with taste and healthy ingredients. The brand is trying to build a healthy and premium image.

## Type of noodles



Traditional instant noodle brands mainly provide fried noodles, which are considered unhealthy



Innovative noodle type: Non-fried noodles with a shelf life of 60 days because of less preservatives, which means it's healthier

## Taste



Traditional instant noodle brands have limited flavor choices, and rarely have new options



New taste: Tom Yum goong, Pork tripe with chicken, which made noodles more "Restaurant-like"

# Strategy 2: Mass promotion on live streaming (1/2)

- Compared with other instant noodle brands, the promotion of Ramen Talk on live streaming is extremely high.
- Ramen Talk live streams on nearly a monthly basis where they invite celebrities or KOLs to participate.
- In Apr. 2019, Ramen Talk first entered Austin Li's live streaming and sales volume reached **600k RMB** in 1 second. Ramen Talk has cooperated with Austin Li **7 times** in the whole year.

## First appearance on Austin Li's live streaming room



81.2 RMB can get 8 packages

57.9 RMB for 3 pieces

**48% OFF**

## Ramen Talk's live streaming data in 2019 (February – March)



Ramen Talk live-streamed with **450** KOLs



Held around **2,000** live streams in 30 days



The number of Ramen Talk's SKUs involved in all live livestreaming reached **88**

Source:ZHIGUA Data 知瓜数据

# Strategy 2: Mass promotion on live streaming (2/2)

Ramen Talk focuses on social media platforms, omni-channel online marketing and overall KOL marketing, trying to cover consumer groups in different channels by using intensive circle-level marketing .

## Major promotion channel

- Bilibili is the major promotion channel for Ramen Talk, where it introduces its products in details.
- In 2018 and 2019 Ramen Talk has cooperated with 338 KOLs for live streaming on Bilibili.

👁️ 20 million video views\*

Bilibili



WeChat



## WeChat content marketing

- In 2017 and 2018, Ramen Talk heavily promoted its products on WeChat.
- Average views on WeChat articles reached over 20k
- Ramen Talk writes articles about latest activities and products. It also introduces some co-brand activities.

👁️ 100k exposure\*

## Short video platforms

- In 2020, only in 1 month, 13 KOLs with over 1 million followers mentioned Ramen Talk.
- Searching for “ramen” in Douyin, the weight of “Ramen Talk” is much higher than that of “ramen”.

👁️ 500 million exposure\*

Douyin



Xiaohongshu



## Second-time promotion platform

- Most content on RED are product reviews and sharing product details.
- Some content was related to Austin Li’s live stream, for example:  
# Noodles recommended by Austin Li  
# Ramen Talk, evaluated by Austin Li

👁️ 10k searching results

Weibo



## KOL promotion channel

In 2020 Ramen Talk has cooperated with 7 Top KOLs with 10 million followers on Weibo.

👁️ 10 billion exposure\*

\* Exposure and video views data are as of 2020

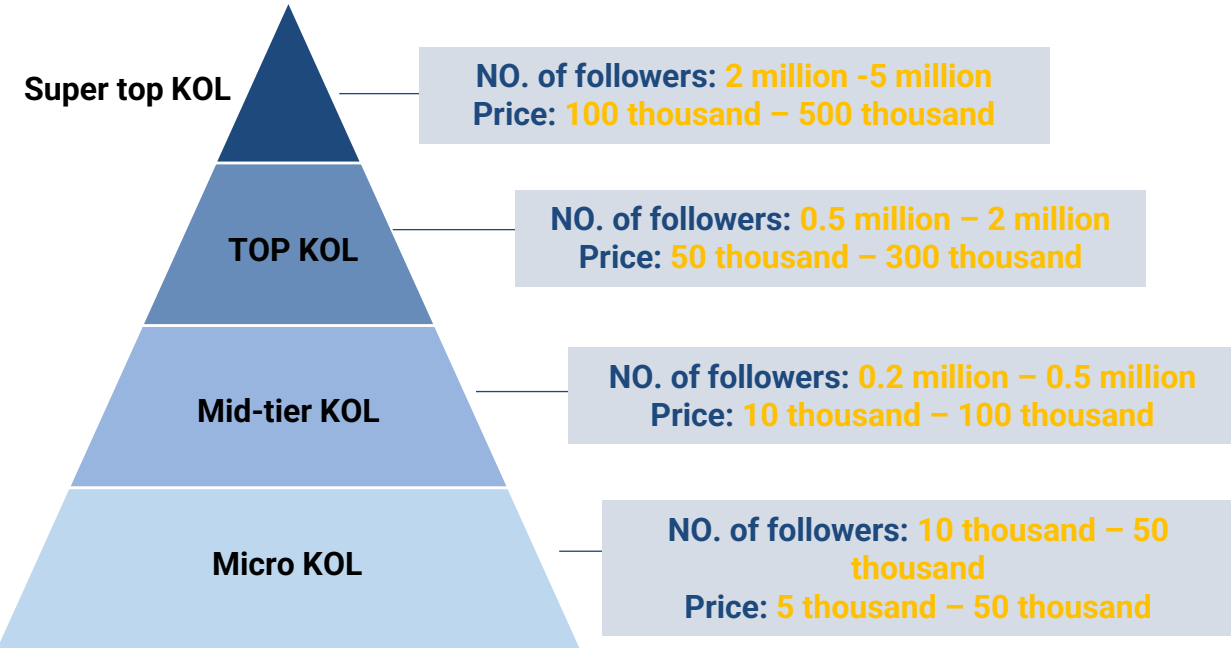
# Strategy 3: Right content and KOLs on social platforms (1/2)

In terms of choosing KOLs, Ramen Talk has its' own strategy: strictly screen the KOLs' content, qualities and engagements with their followers, each step with more criteria.

## Step 1: Preliminary screening KOLs

### 3 criteria

- Budget
- The number of followers
- Through official KOL cooperation platform



## Step 2: Further screening

Ramen Talk chose KOLs not only based on the number of followers, but also the following 4 criteria:

- Video views / the number of followers should > 0.5
- Likes and comments should outnumber shares.
- The demographic of the KOL's target audience should fit Ramen Talk's target consumers.
- A high degree of fit between the KOL's style and Ramen Talk's brand image.

挑食少女希瑞  
Micro KOL on Bilibili  
64 thousand followers on Bilibili



Less followers but high play volume

Video views / the number of followers > 0.5

3,385 Likes

246 thousand play volume

1,123 Forwards

More Likes than Forwards



# Strategy 3: Right content and KOLs on social platforms (2/2)

## Step 3: Content control

- KOLs content must be in the food category and not only discuss the product, but also highlighting the brand culture and brand concept.
- At the same time, Ramen Talk respects the KOL's personal style.
- The more natural, the more real, the closer to life, the better the feedback.



翔翔大作战  
One of TOP KOLs on Bilibili  
4.41 million followers on Bilibili

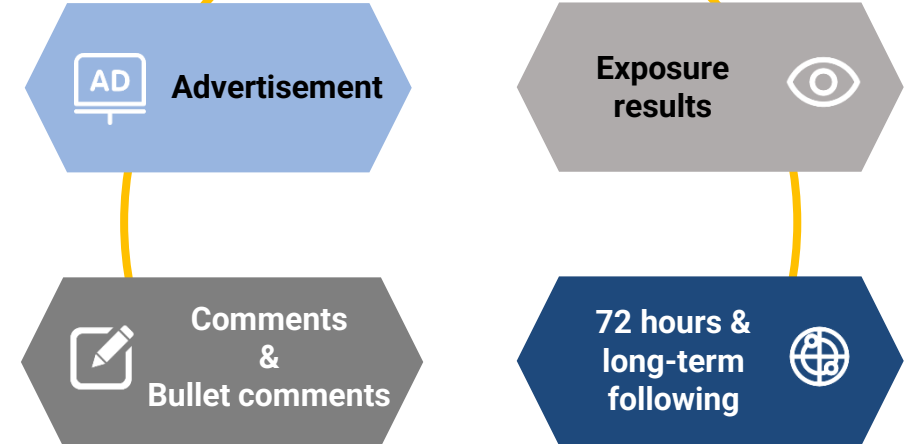


1,000 comments  
934,000 views  
2,457 bullet comments

## Step 4: Campaign monitoring

Use bullet comments to advertise in KOLs' cooperated videos

Try to improve the exposure at all possible



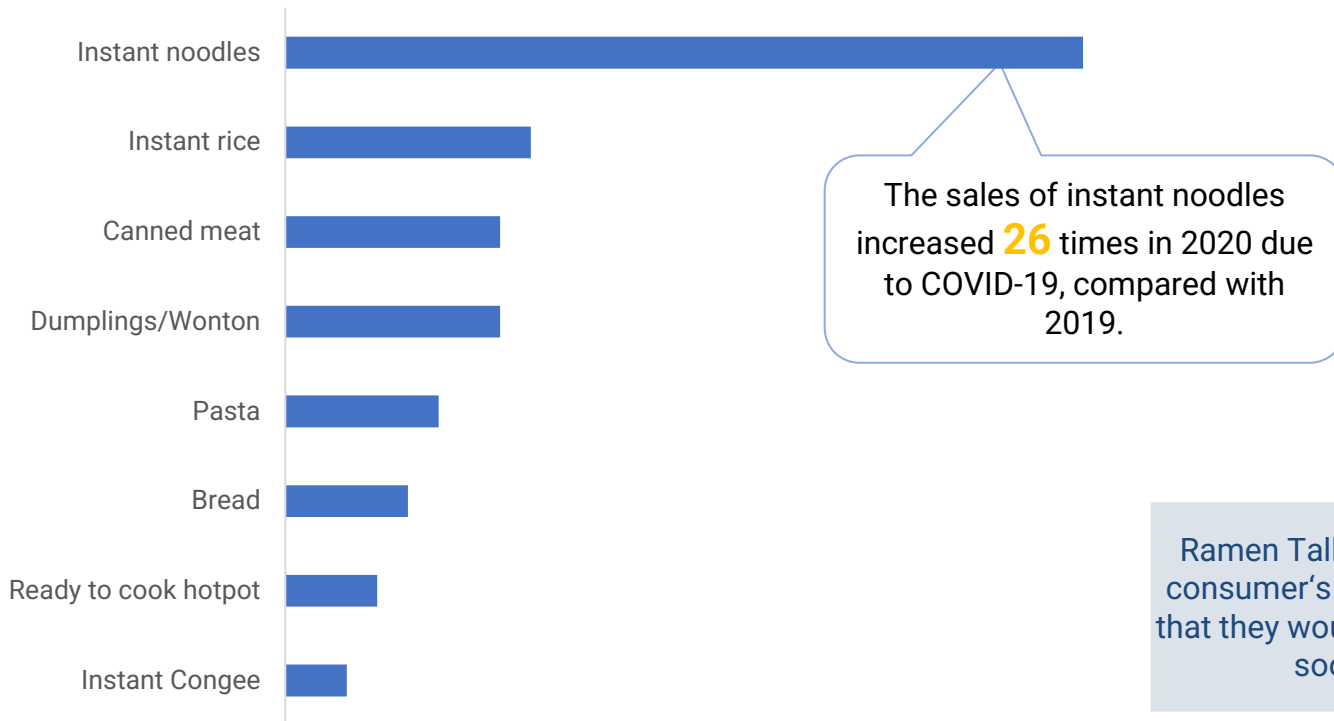
To check out if comments and bullet comments are positive

72 hours after posting, whether the times of play has achieved the recent posts' results

# Strategy 4: Seize the opportunity in crises to gain more exposure

- During COVID-19, instant food became the fastest growing category on Tmall, of which instant noodles ranked NO.1.
- Ramen Talk makes decisions rapidly to cater to customers' new needs and reacts rapidly to customers' feedbacks. For example, 999 Ganmaoling granules is one of the hottest medicines during COVID-19. Ramen Talk co-branding with the brand in Feb. 2020 to gain huge traffic in a short time.

Instant food sales growth on Tmall by different categories (in 2020)



The sales of instant noodles increased **26** times in 2020 due to COVID-19, compared with 2019.



Co-branding with the medical brand 999 Ganmaoling granules in February 2020 during the COVID-19 outbreak.

Ramen Talk quickly replied to the consumer's complaint and claimed that they would improve products as soon as possible

@i...:除了前天提到的酥肉油脂变质品控问题  
 微博正文  
 讨厌拉面说这个牌子的另一个原因见图2~4 (番茄豚骨)

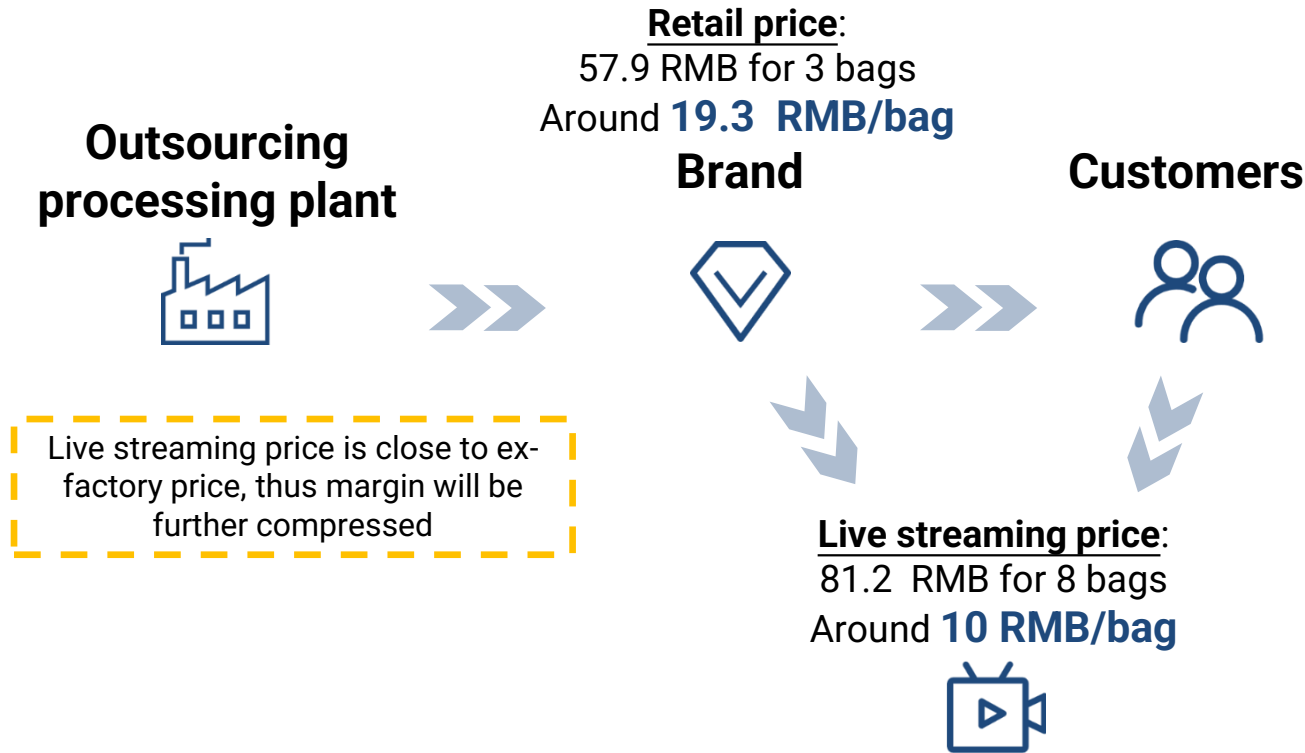
“抱歉，没有给您良好的体验，拉面说的产品一直在更新迭代，欢迎提出宝贵的意见建议，后面将收集反馈给同事们，您关于包装和脆肉的问题，我们将慎重对待，再次感谢您的批评指正，祝您生活愉快。”

“我们已经安排迭代，这批包装用完就会更换了，我们会更加注意，谢谢您”

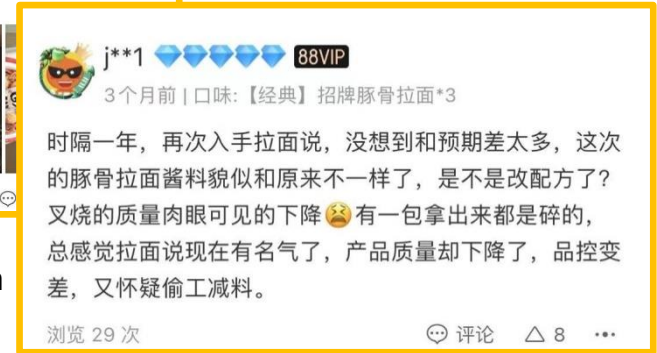
Source: Tmall Global

# Pain points: Low margin, pressure on R&D and quality guarantee

- Live streaming gives a big discount to consumers, closing to ex-factory price.
- The outsourcing production makes it hard for Ramen Talk to guarantee the quality of its products, which customers have mentioned in complaints.
- In addition, Ramen Talk faces stress on R&D due to the high expectation to its outstanding taste from customers.



Hope that Ramen Talk can keep launch new taste, always with old taste is boring



The quality is different with the past, doubt Ramen Talk is doing shoddy work and use inferior material.

#缺配料# Lack of ingredients

#油脂太重# Too much oil

#过度包装# Over packaging

#建议换点新品# Increase the speed of R&D

# HEY TEA

a pioneer of China's new style tea industry

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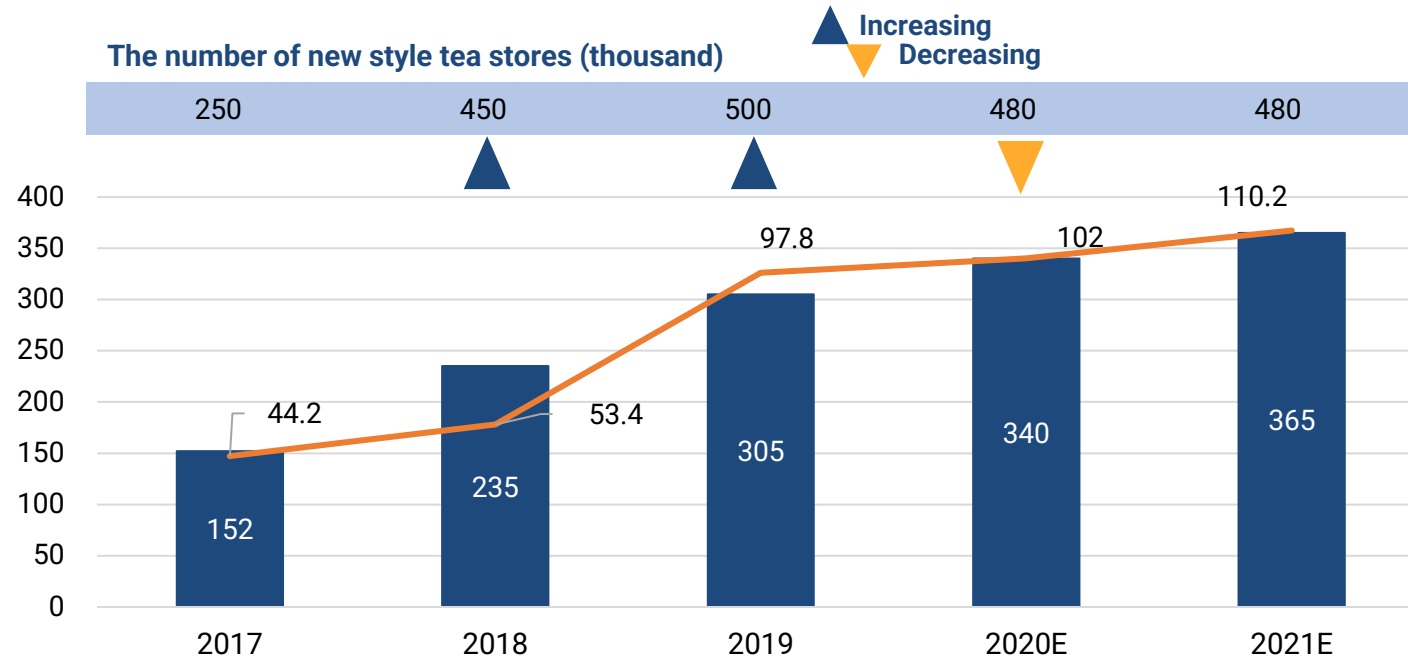
daxueconsulting



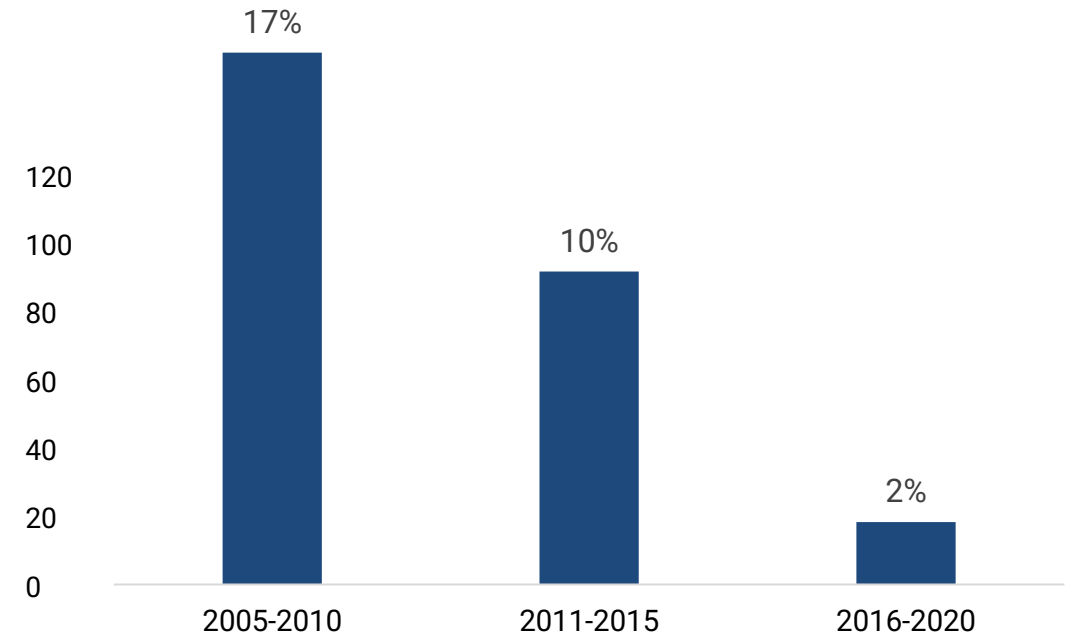
# The new style tea sector is incredibly lucrative

- New style tea (新式茶饮) is made of fresh tea leaves and concentrated liquid, such as milk or cream. It also includes tea's with toppings like jellies, tapioca pearls, and fruits.
- The number of new style tea retail stores and market size are both increasing steadily. By the end of 2020, the number new style tea consumers reached **340 million** and is still growing. By the end of 2021, the figure is estimated to reach **365 million**.
- At the meantime, many urban white collars are pursuing a delicate life style, as a result, the CAGR of tea bags and instant coffee has reduced to **2%**.

**Market size, consumers and stores of the new style tea industry**  
(million consumers, billion RMB)



**CAGR of tea bags and instant coffee**



■ The number of new style tea consumers (million)    — Market size of new style tea (billion RMB)    Source: CBNDData, NAYUKI, NCBD, CCFA, Ele.me

# HEY TEA: Aspires to be the “Starbucks” of the new style tea industry

- HEY TEA, founded in a small city of Guangdong in 2012, is a new style tea drink brand and it's known for its “cheese flavored top” made of thick, salty cream, along with its brown sugar tapioca pearls, and layered match and black tea drink.
- HEY TEA targets customers in first-tier and second-tier cities, mostly in Eastern and Southern China.
- Now, HEY TEA has covered 61 cities all over the world. The brand has succeeded in its commitment to be present throughout the world.

Founded in Jiangmen,  
Guangdong



May. 2012

Dec. 2015



Open the first offline store in  
first-tier city - Shenzhen

Changed the name “Royal Tea”  
to “HEY TEA”



2016

Aug. 2018



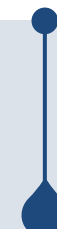
Launched in Singapore  
and opened first overseas  
offline store

Launched on Tmall, selling  
package tea bags



Mar. 2020

May. 2020



Estimated valuation reached  
**16 billion RMB**

Has over **35 million**  
members



Dec. 2020

# HEY TEA's packaging is an upgrade from its competitors

- HEY TEA's slogan is "Inspiration of tea". The concept of HEY TEA expresses that they will keep insisting on pursuing creative products and combining modern culture with Chinese traditional tea culture.
- The brand insists on consumer-centric packaging design to maintain consistent visual identity while addressing the packaging pain points of other milk tea brands.
- To increase the perceived value of its products, HEYTEA has also developed eye-catching packaging. This design allows the consumer to concurrently savor both layers of the tea, thus maximizing the product's taste.



Convenient, high-quality and cold retaining delivery bag



PLA sustainable straw to improve the drinking experience

Standard new-style teas have a plastic covering, not as convenient as HEY TEA

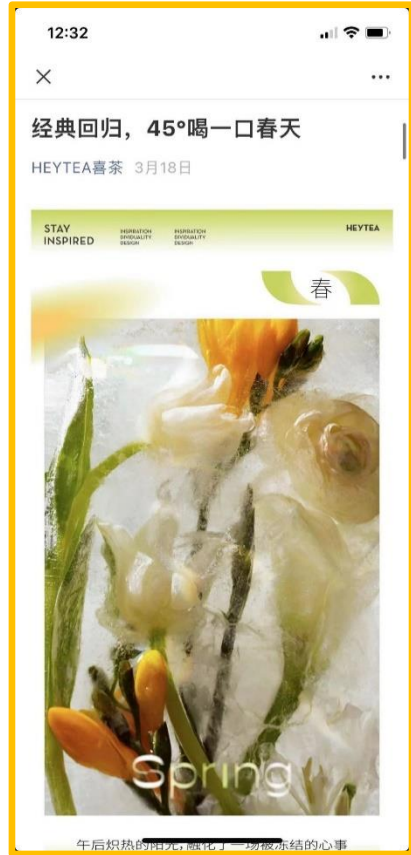


Rotatable cap design so that customers can drink the 'cheese' top and the tea at the same time.



# Strategy 1: Customized tone for different social platforms (1/2)

- HEY TEA produces different content for each social media platform, each complements each other.
- Use WeChat account to accumulate public traffic and convert to other social platforms.
- On Bilibili, HEY TEA makes customized comics or VLOGs targeted to Gen-z.



## WeChat Preview of new and seasonal products

WeChat official account is like a website of a brand, HEY TEA enlarged the influence of the WeChat, using the platform to convert traffic to the other social platforms.

Adding Bilibili's contents in WeChat post to convert traffic from one channel to another

👁️ 100k views  
❤️ 558 likes



## Bilibili Funny videos

As Bilibili is a Gen-z favorite, HEY TEA makes videos to complement its content and attract a young audience, such as VLOGs and even customized comics.

Sometimes it also collaborates with other brands, such as Sexy Tea, to make hot topics and engage fans on both sides.

👁️ 139k views  
💬 2,732 comments



# Strategy 1: Customized tone for different social platforms (2/2)

- On Xiaohongshu, HEY TEA targets young women and shares its milk tea in a fashionable style.
- On Douyin, strong visual impact and eye-catching videos are more popular than others
- On Weibo, HEY TEA always adds super hot topics in the posts while its competitors don't attach much weight to this point.



## Xiaohongshu Popular and trendy posts

HEY TEA focuses the hot and popular trends on Xiaohongshu that young customers like trying new products. It posts its milk tea in fashionable style and introduces different ways of order and drinks, even how to DIY a cup of HEY TEA drink at home.

1,005 likes  
795 collected



## Douyin Make short and interesting videos

HEY TEA publishes very eye-catching short videos, the contents would also be those having already been popular among consumers, like some videos with strong visual impact.

218k views  
14k comments



## Weibo Add super hot topics in the posts to better marketing the new product

Super hot topics is a outstanding characteristic of Weibo, which can gather a huge number of users to focus on one specific topic. HEY TEA uses these super hot topics to introduce its new product and to spread the information in a wider area.

However, HEY TEA's competitors don't do it often.

2,359 views  
2,117 comments

# Strategy 2: Premium location

- To increase the perceived value of its products, the brand operates from premium locations at the top malls of Chinese cities.
- Through the shop's location in large shopping malls, HEYTEA had access to a clientele of trendy 30-year-olds who earn good incomes. As a result, the brand was able to reach millennials, their target consumers.
- This strategy is comparable to that of Starbucks. In Shenzhen, HEYTEA employs a similar strategy by locating its store in the MIXC Mall (Chinese : 华润万象城 )—specifically, in a unit right next to a Prada outlet.



Shanghai New-World DAIMARU  
Department store



Shenzhen Coastal city  
Just next to Starbucks



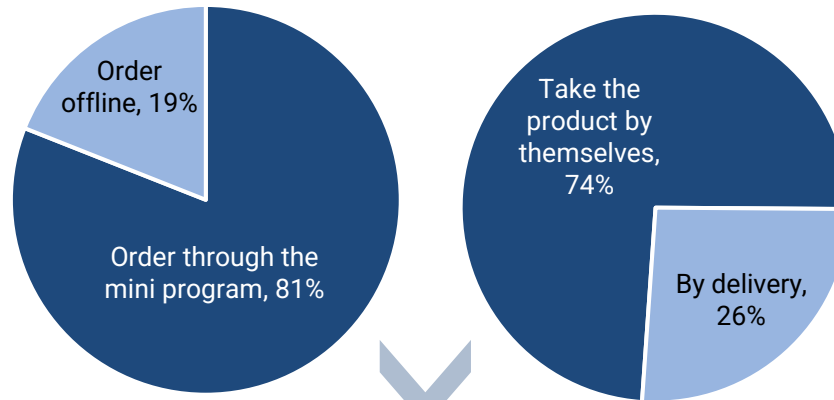
Cheng Du, Kuan Zhai Zane  
One of the most popular tourist hotspots  
In Cheng Du with great traffic

# Strategy 3: An optimized customer experience

- Consumers demand a modern tea lifestyle with convenience and rapid service. HEYTEA rolls out mini program and mobile app in response to overwhelming consumer demand, their waiting time decreased by **1/3**.
- In addition, HEY TEA also launched specific HEY TEA GO offline stores, serving customers who live in residential districts but not near city center or large shopping malls.



HEY TEA GO App increased **13 million** users in 2020, totally reached **35 million** users by the end of the year.



Many customers choose purchase online and get products by themselves

Source: HEY TEA Annual Report



In 2020 HEY TEA opened **102** new HEY TEA GO offline stores in total



# Strategy 4: Continuously offer new products

- In order to attract more consumers, HEY TEA staked out new products in a short time.
- After the success of new products, HEY TEA fed its newfound momentum with a deluge of updated old products to enhance regular consumers stickiness. In addition, HEY TEA also developed bottled drinks and tea bags that both have good sales.

## Top selling new products of HEY TEA in 2020

In 2020, every **1.2 weeks** HEY TEA launched a new product.



Soda water

Sold out **40k tanks**, **500k bottles** in total in 2020



Package tea bags

Sold out **130k boxes** in 2020

## Sales data on Tmall flagship store



620k followers



1.4 million bottles of soda water



250k boxes of package tea bags



80k pieces of ice cream



40k pieces of straw cups

Peripheral products also launched JD, Tmall and convenient stores





# Strategy 5: Launched sub-brands to expand consumer base

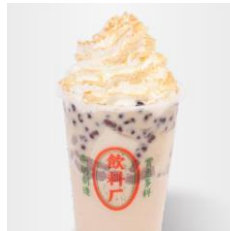
Besides developing new products, HEY TEA also developed its' sub-brand --- another tea store named hey tea by HEY TEA (喜小茶). The sub-brand has much lower prices than HEY TEA, it competes with brands that target low price milk tea consumers, such as Coco and Yi Dian Dian.



Top selling products of hey tea by HEY TEA



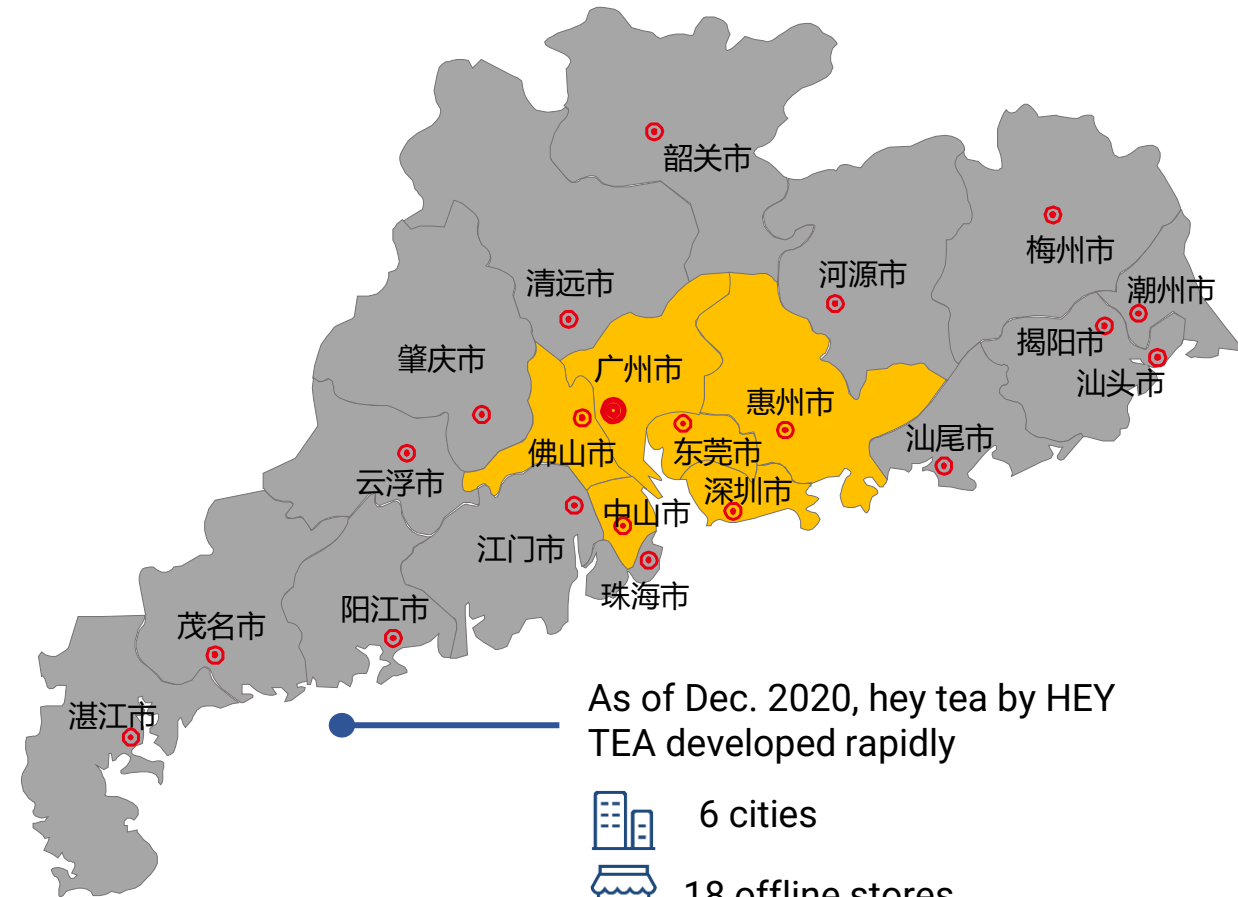
Grass jelly milk tea



Original tofu pudding milk tea



Original cake milk tea



As of Dec. 2020, hey tea by HEY TEA developed rapidly

-  6 cities
-  18 offline stores
-  1 million cups

Source: HEY TEA Annual Report

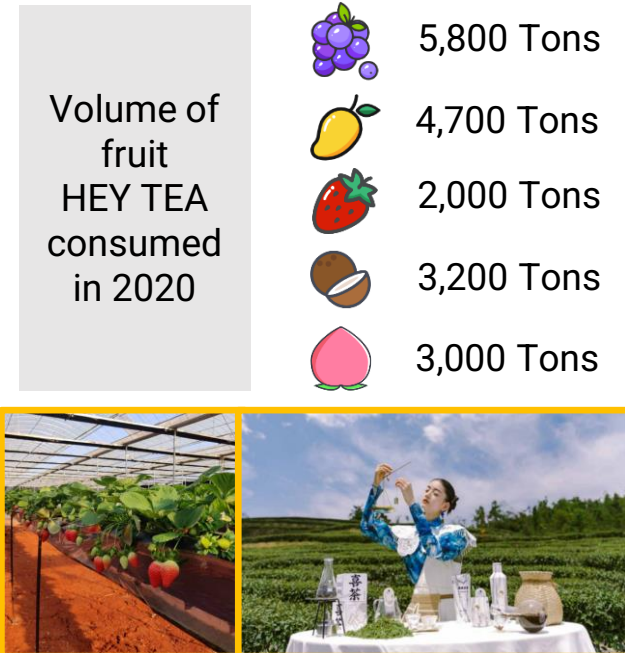
# Pain points: Stress from strong competitors and high fixed costs

- HEY TEA has some strong competitors, such as NAYUKI, and also CHABAIDAO and Honey Snow City, both are new competitors after COVID-19.
- At the meantime, its high fixed costs (ingredients and rent) harmed the competitiveness, how to increase profit is now a serious pain point for HEY TEA.



Source: HEY TEA Annual Report and official website

**750 million RMB**  
in total



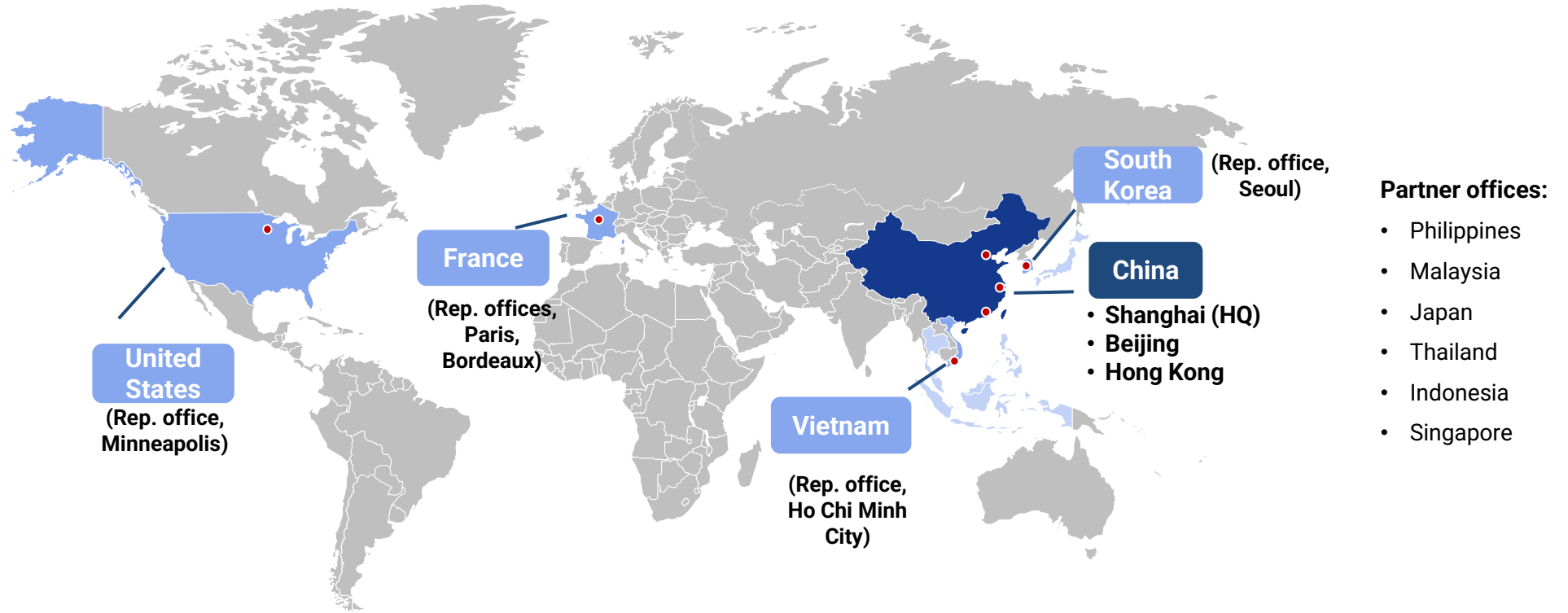
HEY TEA began to cultivate its' own strawberry and tea garden which also increased the fixed costs of ingredients

# ABOUT



# Our APAC network

A research and consulting firm headquartered in China, with an Asia-focus and a presence on three continents.



## Our history





# Our past and current clients

350+ clients with 600+ projects for the past 7 years



# A recognized expertise on the Chinese market

Regularly featured and quoted in global publications

Our latest quotations in recent publications

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TECHINASIA

france  
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ASIA WEEKLY

FT FINANCIAL  
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Guanghua School of Management  
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TECH.CO

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JDN  
JOURNAL DU NET

L'OBSS

Wine News  
THE POCKET WINE MAGAZINE IN ITALY

france  
bleu

gbtimes  
Global reach, Local touch

South China  
Morning Post

TECH  
INSIDER

IT NEWS AFRICA  
AFRICA'S TECHNOLOGY NEWS LEADER

THE JORDAN TIMES

Jing Daily

World  
Trademark  
Review

FINANCIAL REVIEW

ASIA WEEKLY

Contrepoints  
le nivellement par le haut

The Street

Chef  
d'Entreprise

CCI FRANCE CHINE  
中国法国工商会

ISRAEL HAYOM  
This is where we stand

CHANNEL NEWSASIA

algemeiner | a

華美銀行  
EAST WEST BANK

EAST WEST BANK

The Business of Finance  
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Los Angeles Times

StartupBRICS  
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EL PAÍS

Double V.  
Training & Consultancy

**ABOUT**

# Who we are

**Double V Consulting** - Your Insider into China market

## Insightful

We keep you up with the fast changing market



China Market Insider

## Professional

We customize your market entry, e-commerce, & branding strategy



100+ Brands Served

## Specialized

Niche platforms such as Xiaohongshu & Bilibili



Millennials & Gen Z

## Localized

We have offices operating in both Hong Kong and Shenzhen



Since 2017



# How we can help you?

**Double V Consulting** - Your Insider into China market

## TRAINING

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We offer online courses and workshops through **CHINable Academy**, an affiliate of Double V.

## CONSULTING

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We provide brand & competitors analysis, and positioning & market entry strategy.

## E-COMMERCE

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We help DTC brands set up online flagship stores on Chinese major marketplaces, and enhance social commerce.

## BRANDING

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We cover all major Chinese social media. We help design your communication strategy and provide customized content.

# Brands we have worked with

Double V Consulting - Your Insider into China market

GUCCI



KIKO  
MILANO

GUERLAIN

Les Néréides  
PARIS



PARFUMS GRÈS  
PARIS

epionce  
We Define the Beauty of Healthy Skin™



MONNIER  
Frères

VitaRealm®

FORZIERI

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Louis  
Widmer  
SWISS DERMATOLOGICA

GERMAINE DE CAPUCCINI  
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plantronics.

Tal  
PROFESSIONAL  
HAIR  
COSMETIC

Colli-G®

JAKO-O  
best for kids



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