

# Case Analysis of the Marketing Strategy of Tea Yan Yue Se

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**Abstract.** Tea Yan Yue Se has broken through against the trend with its differentiated strategy of "empowering products with culture and driving communication with emotions." Its marketing model holds significant reference value for new consumer brands. This article takes Tea Yan Yue Se as the research object and focuses on the collaborative mechanism between its product design and marketing concept. The research results are as follows, on the product side, differentiation is constructed through "Chinese-style tea beverages + cultural symbols." On the marketing side, through light asset strategies such as binding with the urban IP of Changsha and creating "receipt literature," a repurchase rate of 35% has been achieved (13% higher than the industry average), thus forming user stickiness. The anti-internet expansion model (densely laying out stores within the region and not providing delivery services) has created the scarcity of products, but it also faces the risk of the dilution of cross-regional culture. The research shows that Tea Yan Yue Se has confirmed that "regional culture can be transformed into a moat for the brand." Its underlying logic of "products are content, and consumption is communication" provides a practical path for small and medium-sized brands to "obtain high added value at a low cost." At the same time, it also serves as a warning that excessive reliance on regional attributes may limit the large-scale development of the brand. In the future, it is necessary to balance the uniqueness of culture and the universality of business through digital operation and cultural IP upgrading.

**Keywords:** Tea Yan Yue Se, Marketing Strategy, product design, digital operation, cultural IP upgrading.

## 1. Introduction

In today's society, due to the dual factors of consumption upgrading and the rise of Generation Z, an increasing number of young people have a gradually growing demand for beverages. Under the macro environment, this has led to the explosive growth and intense competition in the new tea beverage industry. Judging from the current market scale of the beverage industry, its growth is enormous. According to the data from iiMedia Research, the market size of China's new tea beverage market is expected to exceed 200 billion yuan in 2023, with a compound annual growth rate of over 25% in the past five years. This has also led many new beverage brands to enter this market. Given the current market landscape, it is quite difficult to make a name for oneself in the beverage market.

In today's beverage market landscape, different brands can be roughly divided into three categories: the high-end market, the lower-tier market, and the mid-range competition. In the high-end market, brands such as Heytea, Nayuki, and Starbucks focus on brand premium and the "third space." That is, they occupy the high-price market through brand influence and create a high-end image in the beverage industry. A typical example in the lower-tier market is Mixue Bingcheng, which has quickly covered all parts of the country with its scale of tens of thousands of stores and the strategy of small profits but quick turnover, and it mainly targets the low-price and people-friendly market. Then there is the mid-range competition. Brands like Chabaidao and Shuyi Burned Grass Jelly have been competing for the price range of 15-20 yuan, mainly focusing on affordable prices.

Currently, regardless of the type of brand, there is the problem of homogenization. For example, there are issues such as similar product formulas (fruit tea + cheese foam) and marketing relying on traffic placement. Especially, the product iterations are too similar, resulting in a continuous decline in users' brand loyalty.

In a situation where the industry is generally anxious, Tea Yan Yue Se has achieved a breakthrough against the trend as a "regional brand" and has become a landmark case in the new consumption field.

It adopts a strategy of deep regional cultivation, focusing on the single market of Changsha. By opening more than 500 stores with a capillary layout, it has formed a dense network where there is a Tea Yan Yue Se store every few steps. By leveraging its cultural premium ability, although the price is set at 15-20 yuan, through the added value of Chinese-style design, cultural and creative derivatives, etc., the perceived value by users far exceeds the actual price. Its controversial strategic choices also distinguish it from other brands. Before 2021, it refused to operate across provinces, deliberately creating a sense of scarcity exclusive to Changsha. At the same time, it refused delivery services, sacrificing convenience to enhance the in-store experience and driving the sales of surrounding products.

To explore the marketing strategy of Tea Yan Yue Se, first, it needed to understand the gaps in industry research. Existing academic research mostly focuses on the standardized expansion of national chain brands, while there is a lack of in-depth exploration of the cultural empowerment route of regional brands. The reasons can be attributed to two points: the lag of theory and the blank of practical guidance. Then, it needed to understand the significance of the research, which lies in its theoretical value (constructing a model of cultural symbols - product design - user fission and expanding the application of the STP theory in regional brands) and practical value (providing a feasible path for culture to compete against capital). Finally, it needed to determine the research subject, method, and research idea. The research subject focuses on Tea Yan Yue Se itself, with an emphasis on dissecting product design and marketing mix. Three research methods are adopted: in-depth exploration of co-branded cases (tracking a series of routes such as the product design of co-branded products), brand comparison analysis (horizontally comparing the differences in user attitudes of brands in the same price range), and cultural symbol deconstruction (analyzing the elements in naming and design, establishing a coding library of cultural symbols such as landmarks, verses, etc., and counting the frequency of symbol occurrences). The research idea is from case observation to strategy dissection and then to summary and refinement.

## 2. Marketing Strategy Analysis

### 2.1. Case Analysis

#### 2.2.1. Brand Background and Development History

Founded in Changsha in 2013, Tea Yan Yue Se was launched with the concept of new Chinese-style tea beverages by its founder, Lü Liang, based on his love for traditional tea beverage culture and combined with the trends of modern beverages [1]. From 2013 to 2017, Tea Yan Yue Se focused on the local market in Changsha and established regional popularity through the strategy of having a store every few steps [2]. In 2020, it opened its first store in Wuhan, triggering an 8-hour queuing frenzy, with daily sales exceeding 3,000 cups. Even the scalper resale price reached as high as 200 yuan per cup, quickly becoming a national topic [3]. In 2023, it began to expand across provinces, entering cities such as Chengdu and Chongqing, and incorporated local cultural elements at the same time [4]. During this period, there were also trademark disputes. In 2021, there was a trademark dispute with Cha Yan Guan Se. Tea Yan Yue Se won public opinion support through self-deprecating public relations (publishing a tweet "Tea Yan Sues Tea Yan") and further expanded its influence [5].

#### 2.2.2. Product Features and Market Positioning

The success of Tea Yan Yue Se depends largely on its product features. Its core selling points include the use of the freshly brewed tea process - using freshly brewed tea bases, which makes the tea aroma stronger than that of brewed teas [6]. The cream top design - using animal cream + fruit crumbs, which enhances the visual appeal (accounting for 68% of the pictures shared on Xiaohongshu) [1, 4]. And the poetic naming - for example, "Sheng Sheng Wu Long" is taken from Li Qingzhao's "Slow, Slow Tune", which strengthens the cultural association. In terms of market positioning, Tea Yan Yue Se precisely targets the mid-range market, with a pricing range of 15-20 yuan and a gross profit margin reaching 80%. Its selection of the target customer group is excellent. Generation Z

accounts for 68%, mainly consisting of tourists. 45% of the consumers in Changsha stores are out-of-town tourists, and the check-in rate is as high as 92% (statistics from the Bureau of Culture and Tourism) [2, 3].

### **2.2.3. Industry Positioning and Market Performance**

Tea Yan Yue Se has a very strong regional dominance. Its market share in Changsha exceeds 60% [2]. The highest daily sales of a single store in the Wuyi Square business district can reach 1,500 cups, which is also closely related to its cubiltural premium ality [2]. The premium rate of its co-branded peripheral products is about 300% [7]. For example, the Mawangdui pattern cup is sold for 69 yuan each on Xianyu, while the original price is only 15 yuan. Its user stickiness is also far higher than that of its peers (the member repurchase rate is 35%, while the industry average is only 22%) [3].

## **3. In-depth Analysis of Marketing Strategies**

### **3.1. Product Strategy: Commercialization of Cultural Symbols**

Tea Yan Yue Se has its own set of best-selling product design logic. First, it innovates in taste layering. For example, "You LAN Na Tie" adopts a three-layer structure of tea base + fresh milk + cream top, and there are more than 100,000 hidden drinking method notes on Xiaohongshu [6]. Then, it drives communication through visual elements. For example, it draws Changsha landmarks (Yuelu Mountain, Orange Island Head) on the cup body, and the user check-in rate for taking photos is extremely high [1,4]. Finally, it uses scarcity marketing. For example, the "Lingnan Jia Li" (a summer-limited product) sold over one million cups in a single month, triggering a purchasing frenzy [5]. Its cultural and creative product development system is also quite complete. Peripheral products such as tea bags, badges, and notebooks contribute 12% of the revenue. Especially, the limited-edition products derived from urban culture, such as the Yellow Crane Tower cup, sold more than 500,000 cups in the first week of its launch, driving a 40% increase in the passenger flow of local stores [7].

### **3.2. Communication Strategy: Low-cost Social Fission**

Tea Yan Yue Se's communication strategies mainly focus on social platform operation and offline co-branding or activities. In 2022, the tweet "The Secret of Tea Yan's Tea Base" published on its WeChat official account had a reading volume of over 100,000, conveying the brand concept through story-telling copywriting. The video of the tea art master's hand-brewing demonstration released on Bilibili had a playback volume of over 5 million [6, 8]. In offline communication, it co-branded with Santonb to launch the "Tea and Coffee Gift Box", with sales exceeding 10 million and a picture-sharing rate as high as 72%. At the same time, it held pop-up store activities. The "Tea Yan Garden Party" had a daily passenger flow of 12,000 people, and the Douyin topic had a playback volume of 230 million times [6, 9].

### **3.3. Interaction Strategy: From Consumption to Co-creation**

Tea Yan Yue Se has better enhanced user interaction and value through its sound fan operation mechanism. Through the member point redemption system, one cup of consumption equals 1 point, and 20 points can be redeemed for limited peripheral products, which increases the retention rate by 25% [2]. At the same time, it conducts UGC (User Generated Content) incentives. Xiaohongshu users who share pictures with topics such as Tea Yan Yue Se check-in will be given beverage coupons, and there are more than 100,000 related notes [6].

### **3.4. Channel Strategy: Creating Scarcity Against Internet Logic**

In terms of sales channels, Tea Yan Yue Se aims to create a scarcity different from other tea beverage brands and uses two methods - regional focused layout and the logic of refusing delivery services. First, in the regional focused layout, Tea Yan Yue Se densely distributes stores in Changsha. There are 8 stores within 0.5 kilometers of Wuyi Square, creating a sense of consumption convenience

with a Tea Yan Yue Se store every few steps. At the same time, it controls the cross-regional expansion rhythm. For example, in the first three days after the opening of the first store in Wuhan, each person was limited to purchasing 2 cups, and the scalper resale price was 200 yuan per cup, quickly trending on the hot search list [2]. Then, the logic of refusing delivery services has greatly enhanced the in-store consumption experience. Users stay for an average of half an hour (the industry average is 15 minutes), driving the consumption of surrounding products to account for 12%. It also leads to social communication forcing. The mention rate of taking photos in Meituan reviews is 42%, and the playback volume of Douyin check-in videos is 470 million times [2,6].

## 4. Optimization Suggestions

### 4.1. Product Side: Balancing Innovation and Standardization

In terms of product optimization suggestions for Tea Yan Yue Se, it should strengthen the development of lightweight products. Although Tea Yan Yue Se has an advantage in product sales in offline physical stores, it has great deficiencies in the development and sales of lightweight products. Strengthening the development of lightweight products, such as launching portable tea bags for 30% of non-in-store users, or cooperating with convenience stores to put bottled milk tea and other pre-packaged beverages on the shelves [8]. At the same time, accelerate product iteration, launching 6-8 new products every year. A user voting mechanism can be established to ensure that products meet market demands, with a focus on laying out seasonal limited and functional products [8].

### 4.2. Marketing Side: Cultural Breakthrough and Digital Upgrade

In terms of optimization suggestions for the marketing side, it is necessary to carry out two aspects: cultural breakthrough and digital upgrade. Since today is an era of rapid development of the Internet, cultural breakthrough and digital upgrade can enable Tea Yan Yue Se to quickly keep up with the development of the times and obtain more vitality and opportunities. To achieve a cultural breakthrough, it is necessary to deepen the IP content and strengthen brand recognition. A feasible example is to develop brand short dramas. Produce a 12-episode Chinese-style animation short drama "Tea Yan Diary", with each episode lasting 20 minutes, telling the story of an ancient tea lady accidentally traveling through time to the modern era to run a milk tea shop. Changsha history, tea art knowledge, etc. can be integrated into it. Then, release it jointly on Bilibili and Douyin, and it is expected that the playback volume will exceed 100 million [2, 9]. For digital upgrade, it is necessary to carry out precision marketing driven by data. The user profile can be optimized, that is, by mining high-frequency words (such as low sugar) from Meituan review data, and pushing targeted coupons (such as issuing new sugar-free product experience coupons to low-sugar users). It is also possible to evaluate the co-branding effect, such as establishing a co-branding activity ROI model to detect indicators such as sales, UGC content volume, and topic reading volume [8, 10].

### 4.3. Strategic Side: From Regional Culture to Pan-Chinese Culture

For strategic optimization, considerations can be given to enhancing cultural depth. For example, cooperate with the Suzhou Embroidery Research Institute to design cup sleeves with the theme of the Four Gentlemen (plum, orchid, bamboo, and chrysanthemum). The cost of a single item increases by 2 yuan, and it is sold with a 50% premium. Or cooperate with Jingdezhen to launch limited-edition ceramic portable cups (including cup lids), with a partial drawing of "A Thousand Li of Rivers and Mountains" on the glaze surface, sold at 199 yuan each, and at the same time, launch a DIY painting experience activity [7,9]. Optimization can also consider extending the store scene and creating a composite business format. For example, create a tea beverage + cultural space store, and add a tea culture book reading area (such as "The Classic of Tea", "The Legend of Lu Yu") and a tea set display cabinet in the store. Users can read for free for 1 hour if they purchase any goods, and it is expected to extend the customer's stay time by at least 40 minutes [1, 4]. With the development of the times, the national trend culture has rapidly swept through the living circles of young people. Enhancing

cultural depth can enable Tea Yan Yue Se to keep up with the trend of the times and expand its cultural influence.

#### 4.4. Risk Response: Challenges of Cross-regional Expansion

Regarding suggestions for cross-regional expansion, two points should be noted. First, cultural adaptation to avoid being unaccustomed to the local environment - implant local elements. Incorporate local cultural symbols into the design of stores in other provinces. For example, the store in Kuanzhai Alley, Chengdu, uses panda IP cup bodies and dialect receipt copywriting. At the same time, conduct cultural training for employees. Employees in cross-regional stores need to learn local historical allusions and add regional language jokes to their service language [9]. Then, optimize the supply chain to ensure stable quality - build a regional central kitchen, establish branch warehouses in Wuhan and Chengdu, adopt the mode of headquarters formula + regional fresh milk supply, reduce the loss rate of fresh milk transportation, compress the delivery time, and then cooperate with cold chain logistics. Sign an agreement with SF Cold Chain to improve the delivery time of pre-packaged products across provinces to 24 hours, reduce losses, and ensure that the Changsha flavor is output as it is [8,10].

### 5. Conclusion

The success of Tea Yan Yue Se is by no means a coincidence. It is achieved by constructing product differences from other brands through the commercialization of cultural symbols and driving low-cost communication through emotional resonance. It also verifies the feasibility of regional scarcity against the scale of capital. The underlying logic of this set of marketing methods is that users are willing to pay extra for cultural premiums, which also confirms that the value of cultural symbols far exceeds the functional value.

The content of this exploration fills the gap in current research, expands the application of the STP theory in regional brands, corrects the traditional STP theory's neglect of regional markets, and proves that regional culture can replace capital investment and become a differentiation barrier for small and medium-sized brands (such as Wenheyong, Cha Yan Guan Se).

The in-depth study of Tea Yan Yue Se also provides a clear path for small and medium-sized brands to break through, that is, by focusing on a single market, binding local culture, creating a scarce experience, and incentivizing UGC fission. For example, the Luoyang tea beverage brand "Peony Ode" can replicate this model, with peony culture as the core, and launch a series of milk teas such as the "National Beauty and Heavenly Fragrance" series. Although it provides a breakthrough path, it also warns of industry risks, such as the crisis of cultural dilution - cross-regional expansion requires retaining core cultural symbols to avoid becoming an ordinary milk tea brand and converging with other brands, or supply chain dependence - it is necessary to establish a supply chain controlled by the headquarters.

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