

Marketing Strategy Analysis and SWOT Analysis of HeyTea

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Abstract. In modern society, new tea brands have garnered significant attention and affection. HeyTea is one of the more popular hot drink shops and has been very popular with consumers since it opened. This paper will also analyze the competitive strategy of Hicha in China. HeyTea's sales strategy and advantages will be analyzed. This article analyzes the store's advantages, marketing mode, and other aspects. The SWOT model is used to analyze the strengths, weaknesses, opportunities, and risks of HeyTea stores, evaluate Hicha's sales strategy, and assess how Hicha leverages its advantages among emerging tea beverage brands to attract more consumers. Based on the marketing strategy of the well-known Internet brand HeyTea, this paper analyzes its effectiveness in attracting the target audience and enhancing brand awareness. Based on the above analysis, this article proposes improvement suggestions from aspects such as product innovation and social media marketing. It also includes a vision for the future.

Keywords: HeyTea; SWOT; Marketing strategy.

1. Introduction

In the current consumer-driven economic society, people's demands for quality of life have been continuously increasing, especially in the catering industry. Consumers' needs have shifted from simply being full and satisfied to pursuing high-quality, healthier, and more personalized experiences. This change has led to the rapid development of the catering industry while also intensifying market competition. The beverage industry, in particular, has seen a diverse range of consumer demands, prompting beverage brands to continuously innovate. In this market environment, HeyTea has distinguished itself among many brands by adhering to product quality and keenly grasping market trends. HeyTea not only focuses on taste and quality but also continuously innovates to create many flavors that consumers love and healthy drinks. Additionally, the brand has gained popularity among young people through excellent marketing strategies. The rise of HeyTea has also provided new ideas and directions for other brands, demonstrating the importance of innovation and brand building in the face of fierce market competition.

Zhao Huanyi conducted a comprehensive assessment of HeyTea's marketing environment using the SWOT analysis method [1]. The results indicated that HeyTea has strengthened its market competitiveness through effective marketing strategies, such as product differentiation, channel optimization, price strategy adjustment, and innovation in promotional activities. Xu Wenjing analyzed the cross-marketing strategies adopted by HeyTea during its brand expansion, particularly focusing on the collaboration case with Dove. The results showed that cross-marketing brought new market opportunities and consumer groups to HeyTea, while also enhancing the brand's innovative image and market influence [2]. Chen Chen focused on HeyTea's chain development strategy, conducting an in-depth analysis from five dimensions: product quality, standardization and innovation, marketing optimization, talent system improvement, brand building and protection, and consumer experience [3]. The findings revealed that HeyTea's chain development strategy has facilitated its rapid expansion across the country, maintaining brand consistency and high-quality standards. Zhao Xuefeng analyzed the marketing communication strategies of the internet-famous tea beverage brand, Tea Yan Yue Se [4]. The study pointed out that Tea Yan Yue Se achieved rapid brand rise and widespread market recognition through a unique brand story, social media marketing,

and emotional connection with consumers. The results demonstrated that Tea Yan Yue Se's marketing communication strategies have secured a competitive position in the fierce market, highlighting the significance of brand storytelling and emotional marketing. By comparing the marketing strategies of Hey tea and Starbucks, Wen Luquan concluded that although Starbucks and Heytea are different in marketing strategies, they have successfully established strong brand influence in their respective market environments [5]. Starbucks' globalization and standardization strategy is in sharp contrast to Heytea's localization and innovation strategy. The successful experiences of the two brands provide valuable references for the beverage industry, especially in terms of market positioning, product innovation and customer experience. Through these studies and analyses, it is evident that such research is highly meaningful. They have examined market changes, consumer demands, and brand marketing strategies, providing suggestions for the brands. This has promoted a better understanding of the market trends in the tea beverage industry and initiated predictions for future market development.

Zihui Zhang use the SWOT model to analyze the internal environment, so as to summarize the successful operation experience of HEYTEA [6]. This study explores the development prospects of China's ready-made tea industry, which reveals that the development of the ready-made tea industry has entered a high speed, and the industry's competition is becoming more fierce. Run Shi's article shows that Heytea has implemented a new marketing strategy with ESG factors [7]. This work analyzes Heytea's marketing strategy from multiple perspectives, including data trends, business types, advantages and disadvantages. The conclusion of the case is proved by several data conclusions, and the influence of ESG factors on marketing is explained. Fang Chen, Xuewen Lie, Haiming Chen, and Shuying Huang use empirical analysis to prove that consumer experience had a positive impact on brand identity and brand loyalty, and brand identity had a positive impact on brand loyalty [8]. At the same time, brand identity plays an intermediary role between consumer experience and brand loyalty.

The core objective of this research is to delve into and analyze how new-style tea beverage brands, particularly well-known ones like HeyTea, achieve brand success and sustain growth in the current competitive market through meticulously designed marketing strategies. These renowned brands have established a strong brand image in the minds of consumers through a series of innovative marketing approaches and strategies. The research will conduct a comprehensive assessment of the marketing environment for these brands using the SWOT analysis method, identifying their strengths, weaknesses, opportunities, and threats in the market, as well as how they enhance their market competitiveness through product differentiation, channel optimization, price strategy adjustments, and innovative promotional activities.

The motivation for the research lies in the rapid development of the tea beverage industry, which has brought forth new business models and strategies. Brands like HeyTea have not only changed consumer purchasing habits but also introduced new paradigms to the market. Understanding how tea beverage brands adapt to the market, their innovative strategies and the key factors behind brand success are all significant drivers for this research.

2. Background Information of HEYTEA

HeyTea, founded in 2012 and headquartered in Guangdong Province, is a tea brand that perfectly integrates traditional Chinese tea culture with modern art. With its innovative tea products and chic snacks, Hecha has won wide acclaim. From 2012 to 2016, Hicha mainly focused on product research and development, committed to providing customers with unique "innovative" flavor drinks. Since 2016, Hicha has entered the second stage of development, carrying out cross-regional expansion and creating a significant brand influence on the Internet.

In 2016, after HeyTea completed store expansion in Jiangmen, Foshan, Zhongshan, Shenzhen and other places, founder Nie received 100 million yuan of venture capital from IDG. Unlike other brands scrambling to open franchise stores, Nie carefully selected store locations after obtaining investment

and sought to seize market share. With the help of venture capital, HeyTea has not only improved its service, in-store decor and product supply chain, but also expanded its business beyond Guangdong. While maintaining its leading position in the market, HeyTea launched the third phase of regional first-tier city expansion and overseas market expansion in 2016. Since 2018, HeyTea's name has frequently appeared in the headlines in the venture capital space. In 2018, HeyTea completed a 400 million yuan Series B financing co-invested by Black Ant Capital and Meituan Industrial Fund Longball Capital. In 2019, HeyTea received joint investment from Tencent and Sequoia Capital China, with a post-investment valuation of up to 9 billion yuan.

By the end of 2019, HeyTea had 390 stores in 43 cities in China, up 139% year on year. Of these, 80% of the stores are located in first-tier or new first-tier cities, with a relatively small number of stores in second-tier cities and only 3 stores in third-tier cities. Meanwhile, HeyTea is actively expanding its overseas market, with 10 stores in Hong Kong and Singapore already in operation. In addition, the "HeyTea Go" app attracted 15.82 million users throughout 2019, bringing the total number of users to 21.5 million. Even during the COVID-19 pandemic, HeyTea still obtained a new round of financing jointly led by Hillhouse Capital and Koto Capital, valuing the company at 16 billion yuan, just 8 months after the last round was valued at 9 billion yuan. HeyTea has become the best-reputed tea brand in China. By May 2023, HeyTea has 241 stores in China, mainly distributed in first- and second-tier cities in the eastern and southern regions. In addition, the brand's international market share is gradually expanding, and it is expected to cover 83 cities around the world by 2022, including Singapore, Canada, the United States, the United Kingdom and Australia. By January 2024, HeyTea operates more than 1,000 stores in China, Singapore, the United Kingdom, Canada, Australia, the United States, Malaysia and South Korea.

3. Marketing Strategy Analysis of HEYTEA

HeyTea, a prominent beverage brand from China, has garnered international acclaim due to its innovative products and targeted marketing strategies, leading to a global presence with 2,300 stores. The brand's international influence continues to expand.

HeyTea tailors its offerings to local tastes, such as the savory egg yolk ice cream in Singapore, which has become a limited edition product for the region. By integrating local cultures and ingredients, HeyTea enhances its international standing. The brand consistently introduces new products to satisfy consumers' cravings for novelty. Additionally, HeyTea updates its menu regularly with seasonal or festive limited editions, such as special drinks for Valentine's Day and Christmas, keeping the brand fresh and appealing. Zhang Zhiqi used content analysis and content interview methods to analyze the marketing strategy of HeyTea [9]. The results showed that HeyTea successfully promoted the brand value and concept and enhanced the brand's market influence through co-branded marketing activities. Beyond tea beverages, HeyTea also offers a variety of products, including tea bags, loose-leaf teas, and merchandise, catering to diverse consumer needs.

HeyTea also engages in thematic store designs, particularly in regions with historical significance, adopting traditional Chinese architectural styles that attract consumers and enhance their experience, leading to increased sales and positive word-of-mouth. Queue marketing and scarcity marketing are also key strategies for HeyTea. By creating queue effects and offering limited quantities of products, the brand generates a sense of exclusivity and urgency, stimulating consumers' desire to purchase. This tactic effectively increases consumer interest and the brand's mystique, boosting product sales.

On social media platforms like Weibo, WeChat, and Douyin, HeyTea frequently shares exclusive content and hosts online activities to engage with the younger demographic. This approach not only bridges the gap between the brand and young consumers but also elicits a positive response from them. Shan He, Yan Li and Chang Yu comprehensively analyzed the marketing environment and strategies of HeyTea through SWOT analysis, PEST analysis, 4P marketing theory and other methods to provide in-depth insights into the success factors and challenges faced by influencer beverage stores [10]. The brand places great emphasis on providing a superior customer experience,

committing to delivering top-notch service to ensure that every interaction leaves a positive impression on customers. This approach helps HeyTea to broaden its customer base and increase market share. Additionally, HeyTea's membership program is a cornerstone of its marketing strategy. Once enrolled, members enjoy benefits such as points, coupons, and exclusive events, which enhance their sense of belonging and loyalty. The brand also collects valuable customer feedback for service and product improvements. Data-driven strategies are at the heart of HeyTea's marketing efforts. By leveraging big data analytics, HeyTea gains insights into consumer behavior and preferences, enabling swift product improvements and innovations. Understanding consumer tastes through data analysis also aids in the development of new products with a competitive edge. In the end, Heytea also collaborates with well-known brands in other industries, including fashion labels and popular anime IPs, to attract consumers and expand its influence across various sectors. These partnerships allow HeyTea to broaden its customer base and increase market share.

In summary, HeyTea's marketing strategies have played a pivotal role both domestically and internationally. The brand's commitment to innovation, social media engagement, limited releases, strategic collaborations, customer experience, and data analysis has not only established a powerful brand presence but also cultivated a dedicated following among tea enthusiasts worldwide.

4. SWOT

4.1. Strengths

These qualities drive Hicha towards its goal of providing high-quality requirements for its products. Heytea is a well-known company in China, having received a 100 million yuan investment from He Boquan in 2016. These advantages include high-quality products, skilled labor, and strict hygienic processes for making drinks. All along, Hecha has been providing high-quality drinks, imparting the mellow taste of tea to customers. His original recipe, a combination of salty cheese and tea, placed the salty cheese on the surface of the drink, and it was highly appreciated and loved by consumers. Based on high-quality, fresh milk, we select tea and cheese imported from New Zealand to bring a mellow and wonderful taste to consumers. In addition, Hicha has also developed a series of fruit teas mixed with specially selected high-quality tea as the base, adding natural sugar to enhance the rich taste.

4.2. Weaknesses

These factors and forces represent the challenges experienced by the company during the regular operation of the industry. Joy Tea is a pioneering business with many strengths, but it still faces weaknesses that need to be addressed if it wants to rise to the next level. For example, lack of reputation and market knowledge in international markets. International experts are individuals with a profound understanding of the culture and regulations of other countries, seeking to venture into new international markets. Therefore, the weakness of tea lies in the lack of understanding of the international market. Globalization has created numerous opportunities for Hicha to expand internationally, achieve its goals, and gain widespread recognition. It can be inferred that a lack of market expertise is a barrier preventing Hicha from achieving its goals.

4.3. Opportunities

Heytea can leverage these external environmental issues to increase profitability, maintain customer loyalty, and expand market share. Such opportunities include exploring new markets and expanding product offerings. Heytea has significant opportunities to expand into the USA market and grow globally. The company can expand its network of stores in the United States to acquire a larger market share. With 84 billion servings of tea consumed by Americans per year, there is a lucrative opportunity for Heytea to expand. Moreover, this opportunity aims to diversify into new consumer segments and expand its presence across the USA and globally.

4.4. Threats

Threats are factors that could negatively affect organizational performance if the company is unable to mitigate and adapt to the emerging threats in the market. Consequently, HeyTea faces intense competition from local coffee shops in America that offer a more diverse and creative range of coffee products. For instance, Starbucks provides products tailored to customers' tastes to meet their needs and desires. Similarly, Seattle's prominent coffee establishments offer promotions such as "buy one, get one free" to attract customer attention and foster loyalty. Moreover, customers are willing to trust and choose a local brand over foreign brands to demonstrate their patriotism. In other words, Heytea faces tough challenges from local stores that are frequented by loyal consumers.

5. Suggestions

HeyTea has successfully proven its outstanding marketing strategies on a global scale, becoming a symbol of modern tea culture. As we analyze HeyTea's marketing strategies, here are some key suggestions for its future planning.

Firstly, innovation lies at the core of HeyTea's strategy. The introduction of new products is central to its competitive edge. To maintain this advantage, HeyTea should continue to invest in research and development, exploring new flavors and healthy ingredients, HeyTea could consider expanding its product range, still centered around tea, to introduce snacks and other products. This would significantly enhance the brand's scale and cater to the growing consumer segment that values health-conscious living. In terms of packaging, the brand should continue to upgrade to follow green and environmentally friendly packaging methods, aligning the brand with global sustainability initiatives. HeyTea's localization efforts have also met with great success. Customizing products according to local tastes and cultures has been well-received worldwide. This approach should be further refined to understand local preferences and culture, creating a personalized consumer experience.

In the realm of social media, HeyTea can use these platforms not only to promote its products but also to build a community around the brand. This can involve interacting with a large number of users and hosting virtual events to attract and stimulate consumer spending. Membership programs are an important aspect of Heytea's customer loyalty strategy. By offering personalized rewards, early access to new products and unique events using mini programs, Heytea can further strengthen its connection with its most loyal customers. The program should be regularly updated and improved based on member feedback on new products. Data-driven strategies are important in today's fast-paced consumer market. HeyTea leverages big data to understand customer preferences. In the future, the brand could integrate artificial intelligence to enhance big data analysis, more accurately predicting trends. This will keep HeyTea at the forefront of the industry, continually meeting consumer demands.

In conclusion, HeyTea's future is filled with promise, with a clear path to continued success. Its innovative capabilities will keep it at the forefront of the market in the coming years. Therefore, HeyTea is poised to hold its position as a leader in the global tea beverage market, delighting customers with its unique and high-quality tea experiences.

6. Conclusion

This paper includes a SWOT analysis of Tea Tea to help evaluate internal factors (strengths and weaknesses) and external factors (opportunities and threats) that may affect Tea Tea's business. We also provided some suggestions to Heicha. Happy Tea should continue to invest in research and development to discover new flavors and incorporate healthy ingredients that appeal to a broader range of older consumers. Tea companies tailor their products to suit local tastes and cultures, but this strategy could be enhanced by gaining a deeper understanding of local preferences and cultures in order to deliver personalized consumer experiences. Happy Tea can enhance engagement with its most loyal customers. Finally, based on customer feedback on the new product, the program has been

updated and improved. In the future, we will continue to pay attention to HEYTEA and consider the necessary conditions and influencing factors for the launch of HEYTEA in conjunction with the beverage market in 2024.

Authors Contribution

All the authors contributed equally and their names were listed in alphabetical order.

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