Marketing Strategy Analysis of Yogurt under Consumption Upgrading: A Case Study of Le Pur

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Abstract

In recent years, health-functional yogurt becomes fastest growing category in China's dairy industry in the context of the overall consumption upgrade. In addition, customer participation in the consumer link has been gradually deepened, with the popularity of social tools. As a functional drink, the healthy concept of yogurt is further strengthened and given more sentimental meanings and has more emotional ties with customers, which changes the traditional single sales model. Le Pur yogurt has a rapid growth in the wave of dairy products' consumption upgrade and quickly spreads the reputation of this unique yogurt brand by the core business model of "user driven". Le Pur yogurt adopts online and offline promotion strategy of double wheel driven to encourage users to participate in all aspects of yogurt production and designs a series of social activities to build a closed loop of online and offline user interaction and bring new yogurt consumption experience to users, relying on WeChat and other social networking tools. Marketing strategy of Le Pur yogurt has important implications to functional Fast-Moving Consumer Goods sales. In other words, we should fully exploit the emotional meaning of product, stimulate customer to have an active participation and profound experience of every consumer link and build more emotional ties between products and customers, which enhances customers' stickiness and brand loyalty.

Keywords

Consumption Upgrade, Customer Participation, Enhance Stickiness, Marketing Strategy

1. Introduction

By the end of the 12th five-year plan, per capita GDP was more than $8000 on some developed areas in China, which began to keep up with the level of high-income countries. The resident consumption structure is upgraded from pur-

suing foods and clothing to improving the quality of life, which means commodity consumption shift to a service upgrade. After 30-year rapid development of reform and opening up, the whole society was facing economic transition and the adjustment of economic structure. The supply-side structure reform will trigger a new consumption upgrading of the Chinese middle class, which will bring new business opportunities for health, entertainment and beauty industry.

According to the report of "The China Food Industry Trends in 2016" which was reported by Bright Food Group and Algemene Bank Nederland, the quality and sustainability of economic growth was improved with the structural transformation of the economy in China. Chinese economic structure in industrialization mid-term stage is presenting a tendency of change from satisfying basic demand to meeting consumer upgrading and demand variation step by step.

The food consumption upgrade appeared both in the yogurt and beer field, such as 38 percent sales of yogurt came from higher price product. With customers' increasing requirement for quality, people will prefer to pursuit imported food whose price is always higher that the domestic one. Under the boosting of consumption upgrade and social tide, people have higher request to the current Fast-Moving Consumer Goodsmarketing as well as obtain more brand recognition and emotional connections between products and customers. The marketing methods of Fast-Moving Consumer Goods should be changed from one-side advertising to be more diversified and effective.

Le Pur yogurt has a rapid growth in the wave of dairy products' consumption upgrade and quickly spreads the reputation of this unique yogurt brand by the core business model of "user driven", which was taken as the case study in the paper. In the first of the paper, research background and existing problems in the studies were mainly introduced, and the second part was mainly the literature review of Symbolic Interactionism and Customer Participation Engagement Theory. The marketing strategy and brand awareness of Le Pur was analysed as a case study in the third part. In the last part, the research result and recommendation of the paper were concluded. All above was the total idea of the paper.

2. Literature Review

2.1. Symbolic Interactionism

In 1937, Blumer first proposed the concept of "symbolic interaction" in his book "People and Society". He believed that the society and the individual influenced and restricted each other through the symbolic interaction; society "shaped" and influenced personal development through the symbolic interaction; and the individual maintained and rebuilt society through the symbolic interaction. The hypothesis foundation of symbolic interactionism is that our society is composed of interpersonal communication and interaction and people locate their identity through symbolic social interaction [1].

Therefore, Hogg and other scholars believed that the community, especially the brand community, originated from these symbolic interactions. The connotation of symbolic interactionism also includes that human beings can explain

and define other people's behavior instead of merely reacting to the behavior of others. People's interactions are based on symbolic use, interpretation, and understanding of representative meaning behind the person.

2.2. Customer Participation Engagement Theory

Customer participation is regarded as a "functional precondition"; integration of "marketing concept"; "the next competitive efficacy edge"; "the key to creation of value". Grönroos (2000) [2] believed that "customer value is created through the relationship and some of them exists in the interaction between the customer and the supplier". Perhaps that is why the service industry contains more and more customers in the production of services they provided.

At the beginning, Customers were pure consumers and then they became semi producers. Now they go into a customized era, with more and more deep involvement in the production or delivery process of product/service. As companies turn to customers and incorporate more self-service technologies, customer will play a more important role in the marketing process, especially in the production process. In fact, individual or group customers are recognized as important competitors in the market exchange.

At present, there are many definitions of customer participation in domestic and international academic circles, mainly from the perspectives of behavior, psychology, customer cost and so on.

From the behavioral perspective, File, Judd and Prince (1992) [3] believed that customer participation was the customer behavior determining his role in the service process and expectation towards service through participation in service. Zhou Godin (2007) [4] regarded the process of customer acceptance as one to pursue utility maximization and customer participation as the expectation for the future, a choice for maximizing utility. Geng Xianfeng (2008) [5] pointed out that the customer participation was the customer interactive behavior sum in the service process.

From the psychological level, Kellogg, Youngdahl and Bowen (1997) [6] believed that customer participation was customer's pursuit of the higher psychological needs in the transaction, such as emotion, respect and recognition from others, self-realization and other aspects.

From the perspective of customer's input cost in transaction process, Dabholkar (1990) [7] proposed that early authors reached the consensus that customer participation was the customer's "physical" and "spiritual" and "intelligence" and "emotional" effort in the process of consumption, active participation and level of output provided by the customer in the production and transportation of a service. Cermark, File, and Prince (1994) [8] believed that customer involvement was the provision of relevant mental and material resources to the product with varying levels of effort and involvement. LEE (2002) [9] believed that customer participation also showed a degree of cooperation and the customer would play a role by psychological and physiological efforts to help service provider with decision about what kind of service mode and content in the process

of receiving service.

Characteristics and composition elements of customer participation are different in kinds of service activities of various industries. Therefore, academia has not yet formed a unified opinion on the dimension of customer participation. Kellogg *et al*. (1997) [6] divided customer participation into preparation, information exchange, relationship building and interference behavior through the investigation of several industries. Study of Ennew and Binks (1999) [10] believed that customer participation included three dimensions: information sharing, responsibility behavior and interpersonal interaction. Information sharing means that customers need to share information with service providers to ensure their needs are met. Responsible behavior is customer's responsibility of maintaining the relationship with the service provider, when customer is regard as part of the company's "customer". Interpersonal interaction refers to factors such as trust, support, cooperation and commitment. Claycomb *et al*. (2001) [11] proposed a customer involvement scale dividing participation into attendance, information sharing and CO production. At present, the wide application is the dimension of customer participation made by Ennew and Binks in 1999.

2.3. Positive Impact of Customer Participation

Since the 80s of last century, many scholars' researches of customer participation had focused on the innovations or developments of new products/services. Because customer participation is the means to improve service efficiency and the participation in service process will improve the service mode and the skill level. Alam (2002) [12] found that customer participation which promoted financial institutions to develop new services was one of the important success factors of service innovation by the investigation in financial services. From the enterprise' point of view, there is also some enterprise personnel playing important role in service innovation and promoting customer participation to conserve resources.

Reichheld and Sasser's (1990) [13] research showed that customer's effective participation in enterprise activities could improve enterprise performance. In the process of accepting the service, the customer takes on the responsibility of "partial staff", which reduces the service cost and improves the productivity and performance of the enterprise.

Ennew and Binks's (1999) [10] empirical research found that customers could better satisfy their needs to establish a good relationship through participation in the process and service personnel and make the customer understand the service content provided and service constraints to make customers have more realistic expectations for service. Because the gap between customer expectation and the actual perception become narrowed, customer satisfaction will be improved.

Wuang Haijun and Wang Tao's study (2007) [14] found that customer participation reduced the gap between customer service expectation and perceived service to positively influence customer perceived control and ultimately affect the degree of customer satisfaction. In the 2009 study [15], he also indicated that customer participation could reduce the customer risk perception through inte-

raction with the service provider and raise determinacy of demand satisfaction, based on understanding the service provider's ability to enhance the positive emotional experience and satisfaction.

Chinese scholars Fan Xiucheng and Zhang Tongyu's research (2004) [16] showed that customer behavior of reduction of the uncertainty in service quality participation can strengthen service quality perception and identification, in order to obtain a pleasant experience.

3. Consumer Upgrades Spawned New Marketing Demands

Since the reform and opening up, China's society has experienced three consumer upgrades with the continuous improvement of economic development level. In 2015, per capita GDP in Chinese developed area reached more than $8000, which indicates that China has gone into the third stage of consumption upgrade and the rise of the middle class had become a new round of consumption upgrade main force, according to the path of economic development of other countries in the world. Different from nouveau riche in the early reform and opening up, consumption power and consumption desire of the middle class with the growth in the market economy are undergoing essential changes [17]. Middle class usually receive higher education, and have strong spending power and pursuits of quality of life and eager to seek some way of life to obtain identity.

The key of consumption upgrade is to switch the consumer psychology account. Even in the traditional Fast-Moving Consumer Goodsconsumption, consumption has also changed from the previous, single and pure functional consumption to the pursuit of a lifestyle or identity. The change of customer consumption psychology will promote new marketing demands and marketing objectives. Whether it is functional or service oriented product, its new marketing goal is to give the product as much as emotional meaning and transfer it into a part of an important goal consumers have been pursued. And there are two main aspects of marketing strategies to meet the new marketing demands: improving product comparability and encouraging users' participation and establishment of product and user emotional connection.

3.1. Product Differentiation Strategy

In the current society, the progress of science and technology continues to reduce the manufacturing cost and carrying cost. And product homogeneity phenomenon is increasingly evident, especially in the functional Fast-Moving Consumer Goods industry. Differentiated product is the key to quickly capture customer appeal and stand out from homogeneous merchandise. However, the product needs to strengthen the uniqueness of the product through packaging, except its characteristics of differentiation. The uniqueness of the product is directly reflected in the comparison with similar products, through the comparison of product features, parameters and performance, allowing users to have a clear comparison between different products, which helps customers to get more

intuitive feelings of the product actual value.

3.2. Customer Participation Strategy

Through the analysis of consumption upgrade subject's psychological account in current round, we can find that consumer emotional needs to be excited and commodity consumption demand changes from the pure functional consumption to a way of life, a consumption of identity [18]. In addition, customer involvement in the consumer segment helps to narrow the gap between consumer expectations and actual perception, thereby enhancing positive emotional experience and improving satisfaction, according to customer participation theory. And with the deepening of customer participation, this positive conduction will be more profound.

Therefore, even functional products driven by marketing demands of consumption upgrade, need to actively look for emotional connections between products and customers, improve the degree of customer participation and interaction through social tools, enhance the customer's emotional experience, which enhances customers' stickiness and loyalty.

4. Analysis of the Marketing Strategy of Le Pur

Le Pur yogurt based on the Internet model, quickly spread and created influence of this yogurt brand by the aid of mobile social tools. Before the official listing of Le Pur yogurt, they had published an article of product advertising in the WeChat public number. This article was spread in WeChat circle of friends, with more than 1 million of the amount of reading in a few days, which rapidly established users' attention of Le Pur yogurt. The traditional yogurt is sold in supermarkets and convenience stores and its main marketing way is about posters and television ads. And yogurt brands generally depend on dairy brands such as Mengniu, "Yoghourt", Yili "Mei Yi Tian" etc. Dairy consumption upgrade gives yogurt product an opportunity to promote brand influence.

Depending on the current round of consumption upgrade, Le Pur yogurt has a rapid growth and becomes a user driven company. More than 300 thousand fans participate in the construction ranging from food research and development, brand promotion, dissemination and promotion, sale and delivery to continuous optimization of the user experience.

4.1. Product Differentiation Strategy: Functional and Emotional Emphasis

4.1.1. Functionality: Enhancing Contrast with Similar Products

In the packaging of the yogurt or yogurt advertising, Le Pur yogurt is good at taking advantage of data contrast to show outstanding product function: protein content and active probiotic of each box being 3 times as common one. There is a simple ingredients comparison between ordinary yogurt, recovery lactic-acid milk and Le Pur yogurt on the product advertising page of Le Pur yogurt's official website. Through the data comparison shown in Table 1, consumers have a

Table 1. Ingredients of yogurt.

Ingredient	Types of yogurt		
	Lactobacillus acidophilus fermented yogurt	Normal yogurt	Le Pur
Milk powder	One	-	
Water	One	-	
Fermented milk	One	One	Treble
Fresh milk	-	One	Treble
Additives	-	Appropriate amount	-
Probiotics			Treble
Additives	-	Appropriate amount	-
Probiotics			Treble

better understanding of the ingredients of Le Pur yogurt, thus establish a healthier and better impression and improve the trust of Le Pur yogurt.

4.1.2. Emotionality: Creating New Product of Holiday Theme and Enhancing Emotional Appeal

Up to now, Le Pur yogurt has a total of 16 types of product in the market, mainly divided by function and taste. In addition, combining the yogurt functionality and the hot demand in holiday, Le Pur yogurt launched holiday new taste on this year's Valentine's Day and Halloween. On Valentine's Day in 2016, Le Pur yogurt launched Coconut and Rose Yogurt of health and beauty theme and initiated the emotional interaction in the WeChat public number to build this special yogurt product into the Tanabata (China Valentine's Day) gift, giving more romantic emotional meanings to this yogurt product.

4.2. Customer Participation Strategy: Sticking to "User Driven" Principle

4.2.1. User Driven Product Development

Le Pur yogurt research and development and production and sales pricing have always focused on user driven principle, from the initial on-demand supply, online e-commerce order, to offline supplement of retail experience store. Through "the transparent and open recipe", "user participation in product pricing and improvement", as well as "interactive story marketing", repurchase rate of 6 boxes yogurt with 95 Yuan pricing reached 25% monthly.

In addition, Le Pur yogurt compresses assembly line of several thousand square meters in traditional dairy enterprises into one of thirty square meters, which shows a transparent production line for customers and enhances customer trust for quality of Le Pur yogurt through the establishment of "Transparent Factory" experience store. After the building of the first "Transparent Factory"

flash shop, Le Pur yogurt set up second offline experience store in Beijing on October 2016 to show Le Pur transparent office. Customers can clearly see Le Pur's working environment and office state, through transparent landing window. Le Pur further narrows the distance with customers, deepens customer trust and improve customer loyalty by offline experience store.

4.2.2. User Driven Product Development

The original driving force of a brand originates from innovation and each brand's audiences are composed of three kinds of people occupying 1%, 9% and 90% respectively. 1% audiences, as the core users, will become the brand creators of content and bring motive power to innovation for the brand; 9% audiences, as core members of the brand community, help the brand diffusion through the active participation of interactive brand influence. 10% core users drive and promote the brand reputation and attract the remaining 90% the customer's attention and participation through word-of-mouth.

Brand building of Le Pur yogurt adheres to the "user driven" principle, which uses social tools as a platform to build user social brand community. Meanwhile, Le Pur yogurt adopts yogurt as the social password and combines with food sharing, healthy diet, holiday hotspots and other marketing demands to create interactive marketing of online and offline integration.

Depending on WeChat public number and WeChat group, interactive marketing of Le Pur yogurt has four forms which were shown in Table 2: 1) giving priority to offline activities: fitness, dance and other member activities; 2) online activities: preferential feedback spread by word-of-mouth and holiday special offer; 3) the integration of online and offline promotion: building the yogurt into social entrance, inviting users to the Le Pur brand community by the QR code embedded in Le Pur yogurt, and helping people to know more gastronomes willing to share the gourmet. Brand interaction of multiform and high frequency enhances the user's participation, establishes the stronger emotion connection and enhances the user loyalty.

Table 2. Interactive marketing depending on WeChat.

Forms of interactive marketing	Result of interactive marketing		
	Article title	Activity forms	WeChat reading
Offline activities	Le Pur *Lululemon let's dance with friends	Lululemon Chinese offline Club of Dance	5511
Preferential feedback spread by word of mouth	Le Pur Feedback|It's so good to enjoy delicious ice-cream in winter	Give away Le Pur for the customers who leave the best feedbacks	9016
	One box of yogurt, thirty-six questions, and fall in love	An experiment of love with thirty-six questions	35,713
Building the yogurt into social entrance	Now buy Le Pur to send her boyfriend	Invitive customers to join the social group in the same city	50,916
	Foodie|anchor/actor/musician… What do they have in common?	QR codes were printed on the yogurt bottle cap	8018

5. Conclusions and Recommendation

5.1. Encourage Users to Participate in All Aspects of Yogurt Production

The rapid development of Internet technology not only makes it easier for users' participation, but also improves users' own consciousness and reshapes the consumption habits by environment. Instead of one-sided spread and application, customers prefer to participate actively in the consumption process and get real feelings about the product or service. Especially for the functional drink, it's necessary to give people more ocular way to trust the product. Therefore, to address this problem, the process design of functional drink should be strengthened. The users should be encouraged to participate in part of product process, because it is a good way to enhance experience and expand understanding of product quality.

5.2. Exploit the Emotional Meaning of Product

In the internet age with both goods and information explosion, the customers' attention become scarce resources that. In the past, the marketing method of functional product is quite simple, which attracted consumers by more differential functions. However, facing competition situation with almost identical products, it's difficult to attract customers by only product differentiation strategies. Therefore, it's necessary to exploit the emotional meaning of product and establish a continuously gathered users' platform by social tools. According to having more emotional ties with customers by social activities, it can be easy to attract customers and strengthen brand recognition.

5.3. Build a Closed Loop of Online and Offline User Interaction

Benefit from the rapid rise of electronic business platform and popularity of express service, sales now coverage both online and offline two channels. Because of rapid development of fresh food E-commerce, even the yogurt which has higher requirement for expiration date can be bought online. In order to deepen the customers participation as well as improve frequency to contact with users, marketing activities should build up a closed loop of online and offline user interaction systematically, instead of fragmented, temporary design. This method no only increase scrutiny on the consumer goods, but also build more emotional ties between products and customers, which enhances customers' stickiness and brand loyalty.

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