

# **MengNiu's Marketing Strategy**

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<p><b>Abstract</b></p> <p>The objective of the study was to analyze the marketing of MengNiu group and make some suggestions for its future. The main things in the research process are based on the case of the enterprise to analyze the market competitiveness and market environment for increasing market share of the enterprise.</p> <p>The theoretical part of the thesis report refers to some main concepts, including external and internal marketing environment, a SWOT analysis of market situation, and methods of enlarging market of the company. All of the contents are premised on the case of the company.</p> <p>The empirical research of the thesis report is quantitative research. The quantitative research was based on the questionnaire targeted for customers of MengNiu.</p> <p>The conclusion of the thesis, and the research are that challenges and opportunities are coexisting in the future development of the company. In the end, three suggestions are presented for the development of the company in the future.</p>			
<p><b>Keywords</b></p> <p>Market environment analysis, SWOT analysis, marketing analysis</p>			

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## 1 INTRODUCTION

First of all, this first chapter will introduce the whole background of the thesis, and also some background of the dairy industry in China, the thesis will focus on the Chinese famous dairy group called MengNiu. The introduction will consist of two parts and will give us an overview of the thesis. The first part is study Background and problem of the research; the second part is the introduction of dairy industry in China and the MengNiu group the marketing position and performance of the company.

### 1.1 Study Background and problem of the research

The aim of my thesis is to analyze the marketing of MengNiu group by collecting the existing data from different sources and by doing a little questionnaire to MengNiu's customers. The work has not been commissioned by any client. It has been studied on the basis of my own interests.

MengNiu group is one of the biggest companies of Chinese dairy company, as a leader company in China; I will introduce the concept and the background of the group and point out the advantages of its marketing strategies. Through its external and internal factors to find out why the group can have such big customer groups, At the same time, I will stand in the customers' point of view to find out this company's challenges and opportunities in future and make some proposals for their development. Objective of the thesis: How did MengNiu group achieve success in marketing and get such a big customer groups. According to the analysis, and give some proposals for its future development. The area of the research is marketing area, and the thesis will also be focus on the other factors of MengNiu group, like product, promotion, advertisements, competition, communication and so on.

### 1.2 The introduction of dairy industry and MengNiu group in China

The high growth phase of Chinese dairy industry is from 1999 to present, because of improvement of Chinese economic situation, and also the increase in consumer demands, liquid milk has an annual rate of 60 % rapid growth, and also dairy production has a rapid growth apparently. Dairy production reached for 743,000 tons in 2001, with an average annual growth rate of 11.85 %. Our dairy industry changed from traditional industry into a sunrise industry with its good growth. (Caijing 2012; Xie 2012)

During the last decade, China's dairy industry has been developing rapidly. In 2011, the Chinese dairy herds reached for 12.6 million, with an increase of 1.6 times more than in 2010. This is the 2006-2011 Chinese dairy herds situation. At present, China accounts for about 8 % of global cows totally. In 2011, Chinese milk production reached for 35.75 million tons, with an increase of 3.3 times more than in 2010. This is the case of milk production from 2006 to 2011 China. Milk production in China accounts for about 6 percent of global output, ranking third in the world. (Caijing 2012; Xie 2012)

In the dairy industry international trade, the annual import in 2011 have about 728,200 tons of dry dairy products and 17,100 tons of liquid milk, the total imports is about 1.97 billion Yuan, mainly on the dairy milk and whey, and they account for 92 % of the total imports accounts. The main sources countries of imports are New Zealand, the United States, the European Union and Australia, the four together accounted for over 90 % of China's total imports of dairy products. 2011 China's total dairy exports of 3.4 million tons, exports amounted to \$ 40 million. (Caijing 2012; Xie 2012)

Dairy industry sales in 2011 reached 171.75 billion Yuan, total profit is 8.9 billion Yuan. China's leading dairy companies consists of Inner Mongolia MengNiu Dairy Co., Inner Mongolia Yili Dairy Co., Ltd., Bright Dairy Co., Ltd., Beijing Sanyuan Dairy Co., Ltd., and Heilongjiang Wanda Dairy Co., Ltd, Xi'an SBG Dairy Co., Ltd and so on. (Caijing 2012; Xie 2012)

MengNiu Dairy Co., Ltd was found in August 1999, it was headquartered in economic zone of Hollinger country in Hohhot city, Inner Mongolia. During the last 11 years, MengNiu Group has grown to a big company which has total assets of more than 141 billion Yuan, nearly 30,000 employees, and became a large-scale dairy processing enterprise which can have annual production capacity of 6 million tons. Currently, MengNiu Group has established also 19 provinces and autonomous regions in China with total 29 production bases, which have liquid milk, yogurt, ice cream, milk, cheese, five series over 400 items, products with excellent quality coverage of the domestic markets and also exported to United States, Canada, Mongolia, Southeast Asia and Hong Kong and Macao and other countries and regions (Baik Baidu 2015a.)

Here is a picture of MengNiu's logo, with thick elegant touch of pen cross.



IMAGE 1: Mengniu's logo (Baidu 2012)

Figure one shows the logo of MengNiu group, symbolized the vast fertile land in Inner Mongolia, unique regional advantages with excellent climate, geography show the best conditions for the development of enterprise. Entire logo in white, green structure, symbolized the theme which away from the pollution and highlighting the pursuit of natural.

The aim of MengNiu group is to provide good qualified dairy food to every customer for the purpose of customers' good health. The missions of the company consists of founding an outstanding and international dairy company for china; performing the service in order to promote the customers' health; building a world famous brand in china and so on. The spirits of the company: learning and innovation; pursue Excellency; united and progressive and so on. The marketing position of the company: First create brand, then focus on market. As MengNiu's endorsement, the hottest TV shows Super Girl Played a significant role for MengNiu group. As you can see the figure 1, the program attracted a lot of young people; it is so attractive and famous, they helped MengNiu group to earn more and more young people. Almost every Chinese people know it after TV show. MengNiu used advertising methods to win the marketing position. MengNiu's position is different from other milk brands, not just for those who need milk, but also for the young people who pursuit of fashion and free. (Docin 2014a)

Here is the picture of Super Girl who endorsement MengNiu dairy.



IMAGE 2: Picture of super girl (Baidu 2006)



## 2 MARKETING AND MARKETING ANALYSIS

This chapter will give a simply explanation about marketing and marketing analysis. Marketing is communicating the value of a product or service to customers, for the purpose of selling that product or service. Marketing analysis is the process of determining factors, conditions, and characteristics of a market.

### 2.1 Marketing

In my opinion, Marketing is to do series activities in order to bring value to customers, clients, partners, and a whole society during the process of creation, communication, and exchange of products. Marketing staffs carry out business for the market, sales activity.

- a. The characteristics of marketing (Baik Baidu 2015b)
  - The first purpose of marketing is to create customers, acquire and maintain customers.
  - Environment and markets are changing every day, so marketing must be focus on market research, collect and analyze large amounts of information in order to make the right decisions.
  - Decision-making need to be adapted to the changing situation, it requiring decision makers has a strong ability about determination.
  - Motivate promote innovation is important to marketing.
- b. Second talking about marketing steps, consists of analyzing market opportunities, selecting the target market, determining marketing strategies, marketing activity management (Baik Baidu 2015b)

Concerning about marketing activity management

First is marketing programs plan. It is necessary to develop long-term strategic plan, to determine business development decisions and goals, but also a specific marketing plan, the specific implementation of the Strategic Plan. Then we talk about marketing organization. Marketing plan needs to have a strong marketing organization to execute. According to program objectives, need to set up an efficient marketing organization structure, the need for the implementation of series activities like organizing personnel selection, training, and other incentives and evaluate. At last is marketing control. During the marketing plan

implementation process, it needs a control system to ensure the implementation of the marketing objectives. Marketing companies control major consists of company annual planning control, corporate profits control, marketing strategy control (Baiké Baidu 2015b)

- c. When it comes to marketing strategy, there is a famous theory called 4Ps (Baiké Baidu 2015b)

Product; Price; Promotion; Place & Distribution

- Product strategy main focus on the new product development, product life cycle, brand strategy
- Price strategy, also known as pricing strategy, there are four main objectives: survival; improve product Quality; maximize profits; expand market share.
- Promotion strategy can guide and attract customers, transmit information, expand sales
- Place& Distribution strategy, product distribution refers to use the distribution channels in order to achieve purpose.

- d. Then concerning about the basic process (Baiké Baidu 2015b)

- Market Opportunity Analysis
- Market segmentation
- Target market selection
- Market position
- 4Ps (marketing mix)
- Marketing plan determination
- Product production
- Marketing activity management
- Service, information feedback

e. Principle of marketing (Baike Baidu 2015b)

- Principle of Honesty is the most fundamental part of moral requirements, it is very important part during Principle of mutual benefit
- Principle of Righteousness
- Principle of rational and harmonious.

As we know that modern marketing strategy changed from product-oriented into a customer-oriented, customer demand and satisfaction is becoming the most important key to the success of the marketing strategy. Company is trying timely and accurate way to understanding and meeting customer needs, so that they can achieve business goal. So in my opinion, customer is the core of the marketing. (Baike Baidu 2015b)

## 2.2 Marketing analysis

Market analysis means conduct the economic analysis of the market size, location, nature, characteristics, market capacity and so on.

The main purpose of marketing analysis is to research the potential sales of the business goods, expand potential markets, arrange the allocation of business goods reasonably between different regions, as well as regional market share of business goods

When it comes to marketing analysis, it can be many points of view, In my opinion, marketing analysis can be briefly divided into three parts, they are external and internal marketing environment analysis, and swot analysis. Concerning about external environment analysis, it consists of Cultural habits, development of marketing thinking, demand, customers, and competitors and so on. Talking about internal environment analysis, it consists of corporate culture, marketing tools and corporate activities, corporate planning, management and leadership. The most important analysis is swot analysis, concerning about internal and external factors and favorable and unfavorable factors, it consists of four parts, they are strengths; weakness; opportunities; threats (Baike Baidu 2015c)

### The SWOT analysis

	Favorable factors	Unfavorable facts
Internal factors	Strengths	Weakness
External factors	Opportunities	Threats

FIGURE1. The swot analysis (Chernev,A. 2006. 6)

A good marketing analysis can help company to develop an excellent marketing strategy and it can ensure the implementation of marketing strategic plan and help company solve major business decision problems. It will improve the competitiveness of the company and minimize business risk of the company and help companies find market opportunities and to create conditions for the development of enterprises. (Baik Baidu 2015c)

Marketing analysis makes an important role in business decision making, reflected in several parts (Baik Baidu 2015c)

- First, market analysis can help companies find market opportunities and create conditions for the development of enterprises, if a company what to open up their own business in a new market, in addition to understanding the market needs, it also need to know the commercial competitors in the marketing, these job need to be done by analytic tools. Only through careful market research and analysis, enterprise is possible to make the right decisions for their marketing strategy.
- Second, market analysis can enhance corporate control ability of sales promotional activities are the main activities in the process of companies selling products, however how companies conduct promotional activities and choose what kind of promotional tools, they have to rely on particular market analysis.
- Third, market analysis can help companies find business problems and find solutions, scope of operations is very wide, including all aspects of business, corporate responsibility, product, sales, advertising and so on. Factors that cause

some problem is not very simple, especially when many factors intersect effect, the market analysis is particularly important

- Fourth, market analysis can balance the contact between business and customer, marketing analysis links the customer and company through the information, information analysis. Because of this information, so that market analysts can determine the problems in the market, checking inappropriate strategies and methods in marketing activities, and to find solutions to these problems
- Fifth, the market analysis can help government departments to understand the market, and to do the market macro-control services, for example, the government investment department determine to support what kind of industries. Planning department can predict development in different sectors by market analysts, to develop a reasonable macroeconomic development planning. (Baik Baidu 2015c)

### 3 RESEARCH METHODS

Thesis research methods are the process of collecting information and data in order to make business decisions. It maybe includes publication research, interviews, survey and other research techniques. The research methods can be divided into two parts; they are qualitative and quantitative researches.

#### 3.1 Quantitative

Quantitative research is a research process that through the survey methods and experiment methods, establish hypotheses like the natural sciences, collect accurate data, then conduct statistical analysis and inspection. In quantitative research, the information is represented by digital, the characteristics consists of empirical, clear, objective. Quantitative research mainly through the measurement of social facts, experiments Verification, mathematical statistics, various operations and statistical analysis to reveal the relationship between the number of objects and master the number of features and the number of changes of objects, found the truth from the relationship between the amount, find the law, to explore the inner essence of things, to grasp things in order to achieve the purpose of the regularity. The main use of quantitative research are surveys, experiments, questionnaires, quizzes and statistical methods, and so on, through quantify the collected data to validate previous assumptions, and then revealing fact. Quantitative study emphasizes rigorous and precise operation, emphasizes research activities launched under the rigorous control of situations, and requires researchers to advance the study of environmental control and arrangements. (Long 2013)

#### 3.2 Qualitative

Qualitative is a research process that uses the visit, observe and gather information of literature, and on the basis of subjective and qualitative analysis to understand the research process. Qualitative research is conducted through extensive study and detailed study of the objects, and then to study more in-depth understanding of the objects, meanwhile focusing on participants' point of view, in the party's point of view to describe the problem, focusing on interpretive understanding of the thing, provide the reference for the same study activities. Qualitative research main use analysis methods such as comprehensive, comparison and classification, induction and deduction to analyze the information, and recognizing the essential characteristics of the study objects, reveal its occurrence and development of the law. Qualitative study is main descriptive explanation, usually do not take the form of data, often use of text

or picture form to describe and demonstrate results. Qualitative research is more emphasis on process rather than the results of the analytic study. (Long 2013)

### 3.3 Comparison of quantitative and qualitative methods

Quantitative analysis is based on statistical data, the mathematical model to calculate an object's indicators and its values. Qualitative analysis is mainly according to the intuition and experience of the analyst, as well as continuation of the past and present situation analysis of the object, to determine the nature, characteristics, development and changes of the object from the law. In contrast, the former method is more scientific, but it requires a higher depth of mathematical knowledge, the latter method is more rough, but if data of the analysis is insufficient or mathematical foundation is weak, then qualitative methods is more applicable comparing the quantitative methods, and also is more suitable for general investors and economic workers. It must be noticed that even though that two analysis methods require different level of mathematical knowledge, one is high, the other is low, but we can't make a clear distinction between the qualitative and quantitative analysis. In fact, modern qualitative analysis method is also need calculate mathematical tools, and quantitative analysis must be established on the basis of qualitative prediction, the two complement each other. Quantitative is based on qualitative, quantitative specific qualitative. Qualitative and quantitative analysis should be unified and complementary; qualitative analysis is the basic premise for quantitative analysis, there is no qualitative then quantitative is a blind, worthless quantitative; quantitative analysis make qualitative more scientific and accurate, it can promote qualitative analysis to a broad and deep draw conclusions. The thesis will be concentrate on the quantitative research. And questionnaire will be used as a kind of quantitative research in the thesis. (Sheng 2013)

The difference in emphasis in qualitative and quantitative methods	
Qualitative methods	Quantitative methods
<ul style="list-style-type: none"> <li>● Emphasis on understanding</li> <li>● Focus on understanding from respondent's/informant's point of view</li> <li>● Interpretation and rational approach</li> <li>● Observations and measurements in natural settings</li> <li>● Subjective 'insider view' and closeness to data</li> <li>● Explorative orientation</li> <li>● Process oriented</li> <li>● Holistic perspective</li> <li>● Generalization by comparison of properties and contexts of individual organism</li> </ul>	<ul style="list-style-type: none"> <li>● Emphasis on testing and verification</li> <li>● Focus on facts and/or reasons for social events</li> <li>● Logical and critical approach</li> <li>● Controlled measurement</li> <li>● Objective 'outsider view' distant from data</li> <li>● Hypothetical-deductive; focus on hypothesis testing</li> <li>● Result oriented</li> <li>● Particularistic and analytical</li> <li>● Generalization by population membership</li> </ul>

FIGURE 2 Comparison of methods based on Reichardt and Cook in 1979 (Ghauri & Gronhaug 2003, 110)



## 4 MENGNIU GROUP MARKETING SITUATION ANALYSIS

### 4.1 External marketing environment analysis

In my opinion, external marketing analysis will be divided into situation of dairy industry; cultural habits; political and economic factors; demand; customers; competitors.

#### Situation of dairy industry

Since the reform and opening up of China, Chinese economy developed rapidly, and there was substantial growth in GNP, people's living standards have been improving apparently, ten years before the melamine incident was China's dairy industry "golden years." In these ten years, from less to more, China's dairy industry had a period of rapidly development in the past ten years. Chinese per milk drinking increased several times of the amount during the ten years, a number of dairy milk production company developed rapidly, but in 2008, Melamine outbreak in China, toxic milk powder incident made a huge impact in China, it caused panic in China during the incident, dairy industry have to face a big challenge, after the incident, Chinese dairy industry have been developing stably. (Wenku Baidu 2010a)

#### Cultural habits

Along with the rapidly development of China's economy, Chinese people living standards and cultural level of the whole country are increasing rapidly, people pay more attention to the nutritional intake and their health, milk as a nutritious beverage products in the market attract a lot of people. Chinese dairy demand is increasing year by year, while sales of milk products compared to other products are more dependent on the brand impact. MengNiu advertising campaign and participation in social welfare activities won a good reputation among the people. MengNiu's advertising strategy brought it a large number of potential consumers. In 2005, MengNiu sponsored the program of super girl in China, and the program got a huge response. In March 2008 during the Iraq war, MengNiu seize peak viewing of CCTV reported the formation of the war, first conducted event marketing, have gained great success. During SARS, many companies have stopped advertising, but MengNiu haven't stopped the advertising, they even increased the delivery of advertisement, and increase the intensity of public service advertising, after SARS, immediately paid off by the market. "Shenzhou V" manned flight is successful, the global Chinese

exultant moment, MengNiu milk as a strong Chinese astronauts special milk advertising is extremely popular. (Wenku Baidu 2010a)

#### Political and economic factors

Political factors: After the political factors toxic milk powder incident, COFCO bought shares from MengNiu and became the largest shareholder of MengNiu, this is an important turning point that MengNiu transition from a private enterprise to a state-owned subsidiary. MengNiu Group, as a listed company, to achieve a diversified equity structure, and it act as a "strategic and decisive" role in MengNiu's future development. On the other hand, the EU-funded securities analysts pointed out that after the melamine incident, government pay more attention to quality and safety of the milk industry, China MengNiu Dairy as the only remaining private in the top three dairy industry, COFCO became the largest shareholder of MengNiu perhaps is the intention of government, so government support MengNiu has brought hope to MengNiu. Talking about economic factor, MengNiu Dairy Group, headquartered in Chinese milk core area - Hohhot and Lingle Shing Lok County economic Zone, has total assets of more than 8 billion yuan, nearly 30,000 workers, dairy annual production reach to 500 tons. So far, MengNiu Dairy Group has been established more than 20 production bases in 15 provinces, Products are always have a good quality that it can cover the domestic market and export to the United States, Canada, Mongolia, Southeast Asia and Hong Kong and Macao and other countries and regions. With the development and urbanization of the economy, the consumer demand for dairy products is increasing fast. (Wenku Baidu 2010a)

#### Customers

MengNiu have a broad customer groups, from newborns to the elderly people, they are all MengNiu potential consumers. In China, along with the steady growth of China's economy, the continuous improvement of people's income, the growing awareness of nutrition and health, the potential of Chinese dairy market will be gradually transformed into the actual market demand. Because Chinese urban and rural per income growth are very different, milk consumption growth of rural residents still lack power, urban residents in the future a longer period are still the main groups of dairy consumption in the future for a longer period. 2005 our total dairy consumption of urban residents declined slightly, in which fresh dairy consumption declined, while the yogurt consumption increased sharply, so MengNiu also seize the customer psychology, and greatly promote MengNiu yogurt and other new products. (Wenku Baidu 2010a)

## Competitors

The competitors of MengNiu dairy group are Shanghai Bright Industrial Group Co., Ltd; Hei LongJiang Wanda Industrial Group Co., Ltd and Inner Mongolia Yili Industrial Group Co., Ltd and so on. But the main competitors of course are Inner Mongolia Yili Industrial Group Co., Ltd. It is one of the leading enterprises in the dairy industry; Yili Group consists of liquid milk, cold drinks, milk and raw milk four divisions, more than eighty-owned enterprises. Yili ice cream production and sales rank first in the country for ten years. UHT milk sales rank first in the country for seven years. Yili milk, milk powder production and sales always ranked the top three. Its development is all visible. According to the data of the first quarter of 2005 of Yili, dairy business accounted for more than 96 %, in which liquid milk accounted for 71 %, it plays a big role in Yili. Yili milk drinks, cold drinks are in leading market position, its yogurt market is large, has great potential for development. MengNiu and Yili dairy group occupies an important position for a long time in China. They never "lack of" struggle, from product price to sales channels, from marketing to public relations strategy, almost all aspects of the business, there is a competition between the two companies. (Wenku Baidu 2010a)

## 4.2 Internal marketing environment analysis

Internal marketing environment analysis will be concentrate on three parts: corporate culture, marketing tools and corporate activities, and management leadership. Internal marketing environment analysis is important to the company, so there will be a detailed internal environment analysis about MengNiu company in the below.

### Corporate culture

Talking about reputation of MengNiu, MengNiu believe that a brand is not just a matter of a product, but also is a regional problem; Inner Mongolia is a big brand. Thus according to Hohhot people per possession of milk ranked first, the growth rate of milk ranked first in china, MengNiu presented "Building our common brand - China milk are Hohhot" initiative. "Building China milk base", "Inner Mongolia cheers" This broad vision and noble sentiments also demonstrates MengNiu's broad mindedness, help Inner Mongolia accumulate huge intangible assets , raise people's awareness of MengNiu, enhance the brand's reputation. Brand is also a very important part. Brand

often begins with brand name. Whether the brand can quickly be called out depends on the brand name. If the brand name can properly convey the brand culture and meaning, then the brand is successful. You can say, MengNiu is a successful brand name. The name gives a sense of the imagery, it is easy to make people think of the burly cows on green grassland, which is an intangible asset. Niu Gensheng, founder of MengNiu Group, MengNiu was founded in 1999, just after eight years, MengNiu liquid milk became the champion, Chinese Dairy champion. MengNiu Group has been regarded as the world's benchmark of Chinese enterprises, MengNiu phenomenon has become the most popular noun in economic circles. (Docin 2014b)

#### Marketing tools and corporate activities

There are some kinds of marketing, one is event marketing, Super Girls audience rating almost equal to CCTV, the quote of the final 15 seconds total placement advertising actually higher than CCTV. MengNiu Sour Yogurt which sponsored by Super girl sales from June 2004 of 700 million to August 2005 of 2.5 billion. With an increase of 2.7 times, 20 % of sales terminals is even shortage. The sponsorship, TV advertising, online promotion, outdoor advertising, sales and marketing expenses, all of these costs are fully covered only about 6 % of all sales. This event marketing of MengNiu is undoubtedly very successful. Another is internet marketing: Mengniu Dairy Mall is the first consultative shopping platform in dairy field, filling the gap in the market of electronic commerce of dairy products. Mengniu as the first one to advance e-commerce market, it has taken a historic step in innovative marketing. Mengniu online mall will become China's online shopping professional service platform. MengNiu online mall opened, consumers can get high-quality online products and services, can choose the products at home, purchase the required nutrition products, also can enjoy online shopping experience and bring a lot of fun in life. (Docin 2014b)

#### Management leadership

The work of supervisor of MengNiu includes planning, organizing, decomposition of goals, allocation of resources, implementation, monitoring and other aspects, the purpose is to make everything smoothly, circulation up to ensure the progress and timely completion of tasks. The leader's job is to build a vision and articulate the vision to employees and customers, indicating the company's growth side. Collect the

data extensively and find association between them. Listening to the views of staffs, motivate and encourage staffs and so on. The manager's job is mainly on the matter, the leader of the work is mainly for people. The leader and supervisor of MengNiu should have communication skills, conflict resolution skills, negotiation skills and motivation skills, and other "soft power". An important factor for leader of MengNiu is motivation and encouragement. Motivate employees have a variety of ways. It includes company policies and benefits, working conditions, salary, and work satisfaction and other forms of compensation, status and so on. Another approach is to encourage more long-lasting desire is to explore the performance of employees, give them chances to behave by themselves. Let them to be independent and confident and feeling that they can do it, then they will feeling that the work is useful and meaningful to their future. They will be encouraged. (Wenku Baidu 2014a)

#### 4.3 SWOT analysis

The SWOT analysis is made by using internet as a reference, and the information is mainly drawn from the sources.

##### Strengths

Brand advantage: MengNiu brand has been firmly established, either taste or quality of products, has been recognized by consumers, famous brands have the advantage of a large number of loyal consumers. Corporate image: MengNiu has excellent brand image, positive corporate culture. Equipment advantages: MengNiu has advanced production lines, modern workshop and equipment, has a wealth of natural resource. Organizational advantages: high quality control system, improve the information management system, large loyal customers group, strong financing capability Competitive advantages: the product development cycle is short, strong dealer network, market share leader, and high business efficiency. Advertising advantages: through intensive advertising delivery, and constantly create brand in order to win the trust of customers. Government support advantage: after the reform and opening up, the Chinese government has always pay attention to the dairy industry, in 1997 the dairy industry as a key support industry, government increased efforts to support the dairy industry. (Wenku Baidu 2010b)

## Weakness

In sensational milk melamine incident, of course consumer have some doubts of MengNiu inevitably. Country is stricter in dairy industry, and requires a lot. Different level quality of employees: Although in the past MengNiu have miraculous pace, but there are different level quality of employees. Under the new market challenges, whether the current composition of employees can support sustained high growth is a problem. Marketing professional building: MengNiu liquid milk marketing team quality is relatively good, but the overall ice cream and milk marketing quality is weak. Upgrading management systems: practical management tools and services help MengNiu get the goal of high-performance, but along with future changes in the market, "old" management system will be eliminated. Promotion of the professional of personnel: talent is the cornerstone of enterprise development. International challenges, foreign brands entered the domestic market. (Wenku Baidu 2010b)

## Opportunities

MengNiu's goat market prospects is very good, although MengNiu get rich by "cow" , but if MengNiu want to become bigger and more stronger, then the goat market of MengNiu can't be ignored. Experts believe that with the the majority of consumers agree on the nutritional value of goat's milk. Goat's milk in the dairy market is expected to be selling good. The milk of goat is nutritious, not only easily digested, but also has a unique role in people health care, if MengNiu have the effective use of goat's milk, then it will become the industry leader. In the Sanlu melamine incident, Sanlu's bankruptcy, MengNiu lost a strong competitor, in a certain extent, it reduce the competitive pressure from peers. MengNiu also took the opportunity to promote their products to many other place. Melamine incident is an opportunity of Chinese dairy industry to enhance product quality and MengNiu Dairy can use this opportunity to re position their brands, improve product quality and safety, and enhance consumer loyalty of its products. There is a huge potential demand: Chinese concept of health is growing, the huge Chinese consumer market, and urbanization can improve the dairy consumption. (Wenku Baidu 2010b)

## Threats

Face a big competition with Yi li and other dairy industry, domestic dairy markets is not standardized, unfair business practices of small and medium enterprises undermine the markets. The melamine incident has left a shadow in the minds of consumers, and face competitive peers, therefore MengNiu maybe face a crisis

Because of Chinese loss of confidence in domestic dairy products, more people choose foreign brands; these are the external threats of MengNiu Dairy. (Wenku Baidu 2010b)

## 5 SUCCESSFUL MARKETING METHODS OF MENGNIU GROUP

From the start to grow up, MengNiu Group have concentrated on carrying out various marketing activities and integrated to utilize their own resources, media resources and social resources, so that to improve the utilization of all resources, and maximize brand value. In the minds of consumers, the original single product brand will changed to public mind, national responsibility and human care brand, Mengniu's marketing strategy is worthy of our in-depth study. (Wenku Baidu 2014c)

### 5.1 Accurate market positioning

#### Marketing segmentation

Nowadays, there is intense competition in the domestic milk businesses, in order to meet the needs of different groups, market segmentation is inevitable. MengNiu segment the market mainly based on age, gender, and consumer tastes. (Wenku Baidu 2014c)

To segment by age, there is baby's milk, such as Future Star milk, dynamic growth Milk, there is youth milk, such as school milk, and also elderly people milk, such as low-fat milk; to segment by sex, the boys like drinking milk, the girls like drinking sour milk; to segment by milk drinking time, the milk market is divided into breakfast, dinner, leisure and dinner.(Wenku Baidu 2014c)

#### The target market

Structure of the population determines the consumption structure, China's new generation of younger age at 20, 30. According to statistics, China have more than 200 million people in this group, along with the some of them are going to the workplace, this group will become the core of China's future consumer groups. They all born in China's reform and opening up period, although there is no real on the stage of society, but they are being taken care of and educated, they have a strong personality, the market opportunity is unlimited. Mengniu's target market is the group of young people.(Wenku Baidu 2014c)



## Market positioning

### Regional positioning

Like French wine, these products are believed in some categories have a particular advantage called the regional mental resources.

Inner Mongolia is a regional mental resource to develop the dairy category. In support of the local government and the media, the reputation and influence of the dairy industry in Inner Mongolia in customer's mind is growing. This not only gives a reputation brand; good image and high product quality, but also providing a solid background support for MengNiu to concentrate on its brand marketing. (Wenku Baidu 2014c)

### Hot selling positioning

In the significant growth potential of the dairy market, the primary strategic goal of business should be to fight for market dominance.

MengNiu used less than four years, reach to the top three in the industry, creating a "first speed" in Chinese dairy industry. Most consumers have a herd mentality, they interested in following in hot selling brand. It is also based on this consumer psychology, hot selling positioning can help brand promote fast, sustainable development. (Wenku Baidu 2014c)

### Leader positioning

According to hot selling positioning, MengNiu gain huge returns exceeded the original leader brand, become the leader of the dairy industries.

Leadership position as the most powerful certificate of brand, give a good reason for consumers as their best choice. Therefore, if there is a chance to improve it achieved leader in the field. It is necessary to start the leader position and make information widely advertised. Because people generally think that the leading brands have best quality, best products, and more willing to believe the leader. Leader's location will make your position more secure. MengNiu now get the reputation of "first national sales for three consecutive years" and reach to the world's dairy top sixteen. This is commonly known as the "Matthew Effect", that the strong will be stronger. (Wenku Baidu 2014c)

## 5.2 Marketing mix

Zhang (2011) has made the Marketing mix analysis of MengNiu. In the following paragraphs are presented the contents of its results.

### 4Ps Marketing Mix (1999 ~ 2000) (Zhang 2011)

- (Product): milk, large ice blocks. Promote its high-quality, nutritious.
- (Place): in the distribution activity, don't through any distributors, just sell products directly to consumers, its sales range is relatively small, mainly in Inner Mongolia and the nearby provinces.
- (Promotion): The main use is pull-promotion, through street nameplate advertising, news media, arouse consumer interests.
- (Price): cost-oriented pricing methods, in order to avoid inter-enterprise competition.

### 7Ps marketing mix (2001 ~ 2005) (Zhang 2011)

- (Product): milk, ice cream, milk, yogurt, deluxe etc. Through repackaged, and its unique products to meet the diverse needs of consumers, there are a variety of options for customers. MengNiu became recognized and accepted by customers.
- (Place): distribution to supermarkets, hypermarkets, convenience stores, etc. through local distributors, sales broader for the entire Chinese market. Channel is relatively long, labor costs of transport was increase, but accepted a significant increase profits.
- (Promotion): still conducted through advertising, television, news media promotion, and also use of public relations to help MengNiu enterprises establish a good image, through interaction with consumers, let them suggest some ideas and to set up the award, and enhance the consumers loyalty of the brand.
- (Price): competition-oriented pricing, use of satisfactory pricing strategy, suitable for the psychological price level of consumers, so that consumers feel good value for money. Compared with other products, MengNiu has its own highlights: the original ecological health products.

- (People): Through staff training, improve product quality, to win the favor of consumers through good service.
- (Physical evidence): brand effect, get a good reputation from consumers and attract more people.
- (Process): According to the characteristics of each product and classify the consumer group, to meet the various needs of consumers.

4Rs marketing mix (2006 - present) (Zhang 2011)

(Relativity): In a competitive environment, guide customer to accept products. After advertising and developing new customers; using the advantages of the product and cultural policy to impress customers, develop potential customers; and then use of the network platform to develop key customers.

(Reaction): In a competitive environment, to respond quickly to market. Adapt to consumer demand with marketable products, such as large ice blocks; quickly react to the social critical moment such as the melamine incident.

(Relation): In a competitive environment, and create long-term relationships with customers, commitment to customer interests. Establish industry-leading image and maintain good relations with the government. Advocate that the milk is beneficial to health; to create a friendly atmosphere relation with consumers.

(Retribution): in a competitive environment, attention to corporate social and thanked customers. Business people respect the recommendations and opinions of customers, timely repay society and consumers. (Zhang 2011)

### 5.3 Brand building

#### MengNiu brand development

MengNiu deluxe products come out, MengNiu, brand positioning of only for better quality life spread. According to MengNiu's own explanation: only for better quality life. Not only to provide a natural, green, nutritious products, but also to create a better quality of life for consumers. Now, MengNiu launch new modern ranch of pasteurized milk in Shanghai, advocate drinking fresh milk, brand positioning of MengNiu has been transformed into a high quality of life from prairie. It is the need of market development, because it is impossible for all MengNiu milk is come from the prairie.

This is the need for a brand strategy, because MengNiu want to expand nationwide. This is requirement for MengNiu's brand development, a brand development needs to innovate and upgrade so that can be better. (3y.uu456 2013)

#### MengNiu brand development direction

By the end of 2005, Deluxe came out; during initial listing the slogan is "Not all of the milk called Deluxe". Highlighting the product's noble, mysterious. Highlight the high-end brand of MengNiu. Deluxe protein content reaches to 3.3 percent, exceeding the national standard of 13.8 %. The nutritional value of the product is much higher than regular milk. Then Deluxe became the representative of the high-end pure milk. In order to create a new field is in the highly competitive dairy market, MengNiu's strategy is to enhance the value of the product Deluxe to improve MengNiu brand position. Deluxe is a high-end milk, MengNiu is the high-end brands. (3y.uu456 2013)

#### 5.4 Product quality and service

As dairy production and processing enterprises, dairy safety, health must be most important thing. Quality is the life! Quality is the basic guarantee of brand; it is because of the good quality of MengNiu Dairy, which makes it the leading position in dairy field. (Wenku Baidu 2014b)

#### Quality culture of MengNiu

At the beginning, the staffs learned the corporate culture systematic, and in the whole development process, MengNiu emphasized the importance of continuous quality improvement system. MengNiu pursue the quality of ideas which called "product equivalent to character," and pursuit of "100 percent manufactured pass rate" quality objectives. MengNiu has been passed a number of certification: ISO9001, ISO14001, OHSAS18001, GMP, HACCP five systems; green certification. "MengNiu" trademark was identified as "China Famous Brand" in 2002. Milk was listed as national inspection-free products. (Wenku Baidu 2014b)

### Strict quality inspection

MengNiu Dairy high-tech Research Institute analysis center configuration of nearly 30 million of advanced equipment and facilities has a large number of highly educated people. They regularly conduct for pesticide residue, veterinary drug residues, pathogen identification, nutrients, vitamins, additives, heavy metals, trace elements, a total of 367 food safety testing items on the company's raw materials and finished products, and ensure the company manufactured products meet food safety requirements . (Wenku Baidu 2014b)

Each packet of milk in the production line need to pass nine procedures, 36 monitoring points, 105 index detection, as long as there is a detection of the project failed, the entire batch of products are not allowed to go to market. Almost all products meet or exceed international standards; MengNiu factory passed the GMP (Good Manufacturing specifications), HACCP (Hazard Analysis and Critical Control Point) and etc major system certification. (Wenku Baidu 2014b)

### Quality Management System

Mengniu's vision is to do the best quality, most professional quality management system. The system consists of three departments: the quality and safety management center, operations quality management center and milk quality management center. Based on these, establish a full range of industrial chain quality management system, including planting, breeding, primary processing, raw materials, transportation, production, a library, transportation, consumer nine sectors. And develop the detail management standard for these nine aspects. (Wenku Baidu 2014b)

### 5.5 Customer loyalty construction

Mengniu's principle of customer loyalty construction is "Service first, sales second". Because customer awareness is growing day by day, Good customer service is the best way to build customer loyalty. It includes good service attitude; providing new information of interest to customers; actively responding to customer demand or

complaint rate; return services; a clear understanding of customer service content and access to services.

MengNiu also obtain and retain customer feedback, customer feedback and customer service perception is closely related. Try to make potential customer into existing customer, and try to make existing customer into loyal customer. (Wenku Baidu 2011)

## 6 RESULTS OF THE CUSTOMER SURVEY

The survey is concentrate on the customer's opinions about the milk products and milk brands, which product they like best, which brand they like best. The questionnaire was sent to customers by email and totally 187 responses was received. I chose some of my friends and their parents and ask them to give me their email address. I have made 187 questionnaires to 187 people, and finally got 187 replies, 100% of them sent me their reply.

### Analysis of the quantitative research

The empirical research of the thesis report is quantitative research. The quantitative research was based on the questionnaire for customers of MengNiu. Questionnaire was sent to 187 respondents who were in different ages, and I made a simply analysis about the data. The questionnaire have 16 questions concerning about the opinion about milk brands and milk products.

### 6.1 Background information of respondents

#### Gender of the respondents

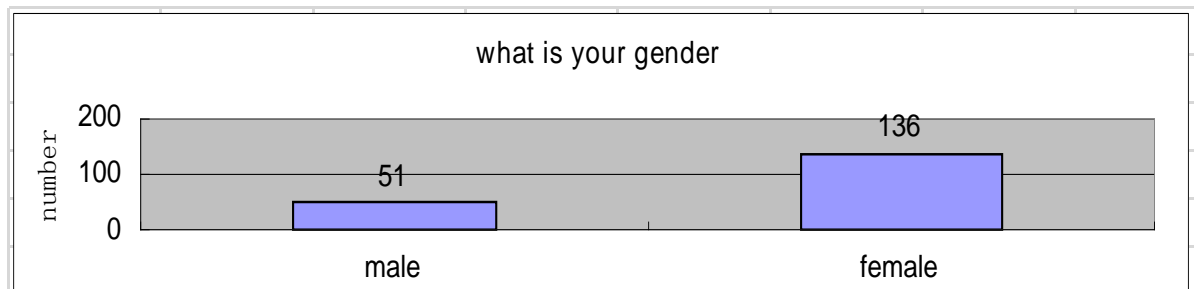


FIGURE 3: Gender of respondents (n=187)

187 of the respondents answered this question, and we can see from the figure that around 136 respondents are female and 51 respondents are male. The main group in my thesis research is female.

### Age of the respondents

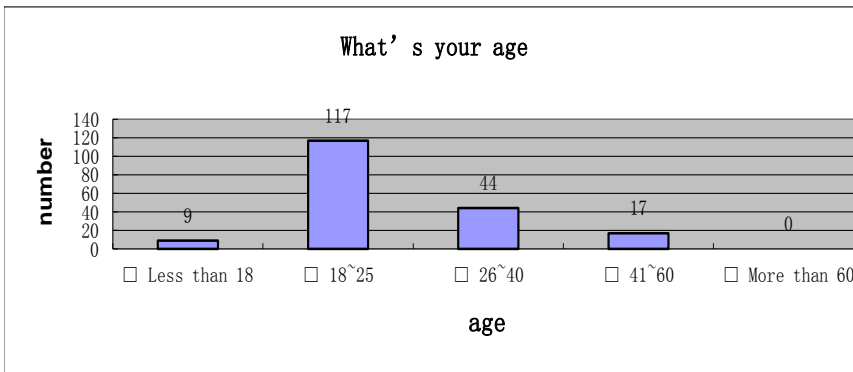


FIGURE 4: Age of the respondents (n=187)

As we can see in figure 4 respondents who are around 18 - 25 years old were the main group in this questionnaire. There were almost 61 respondents who are 26 - 60 years old. None of the respondents is more than 60 years old. Only a small part of the respondents is less than 18 years.

### Professions of the respondents

This question totally offered 14 options of professions and an option "other".

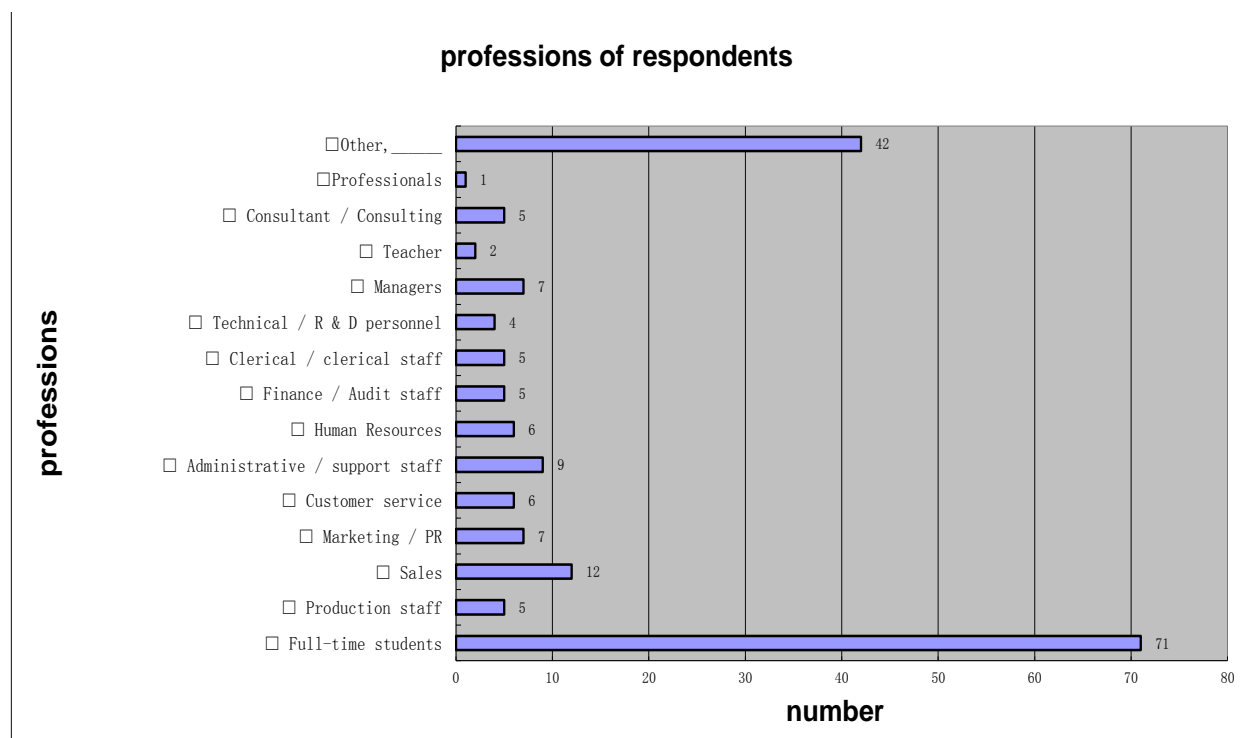




FIGURE 5: Profession of respondents (n=187)

As we can see, figure 5 shows apparently that most of the respondents were full time students, which take up about 37.9 % of all the respondents, there are about 12 sales persons. We can see that the respondents come from different kinds of areas, because the questionnaire was sent mostly to the young respondents so they played an important role in the survey. And they like drinking milk and want to get more information about the different kinds of milk brands so they can have more choices about milk brand. Some respondents answered “other” as their option; they didn’t tell what kind of job they do exactly. They could be unemployed or do some other jobs.

6.2 Respondents’ answers to the questions about milk and milk brand

Places to buy milk

In this question, there are four options of the places to buy milk. Respondents were able to choose only one.

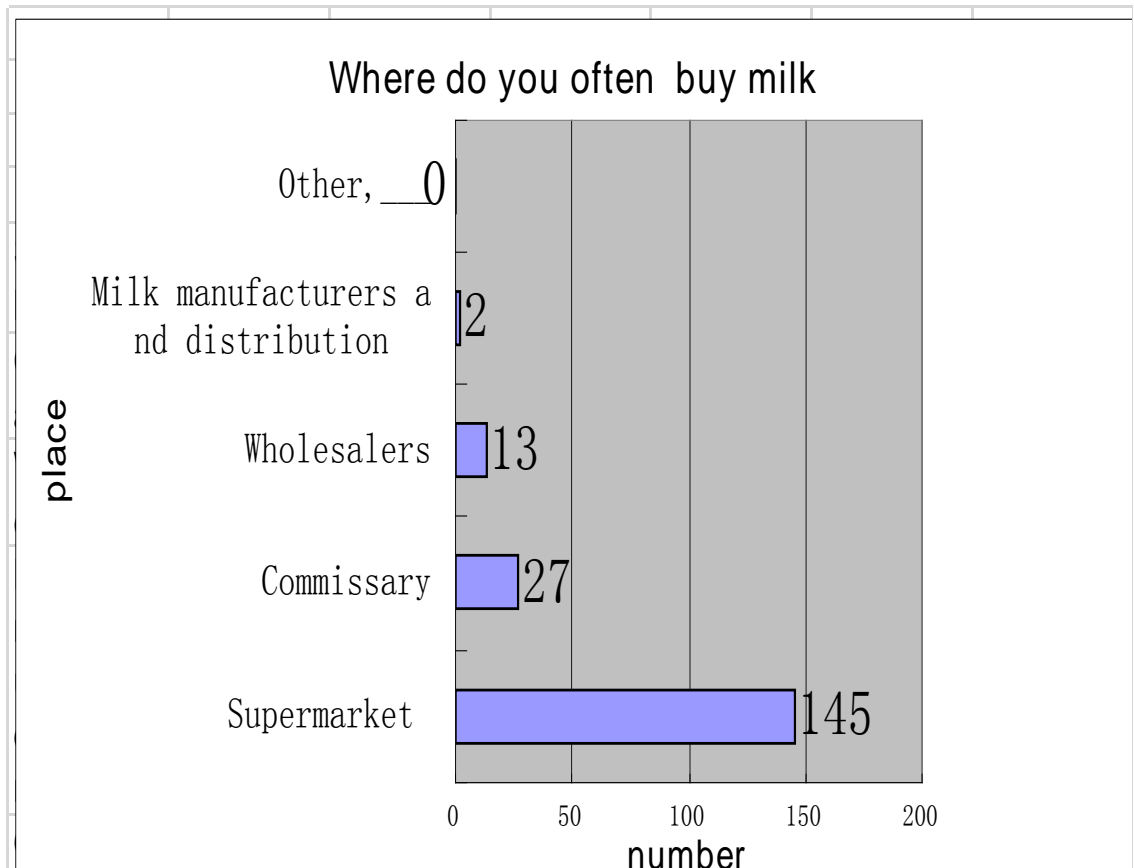


FIGURE 6: Place to buy milk (n=187)

From the figure 6, we can easily see that most of the respondents like to go to the supermarket to buy milk. Of course, market is a big channel to sell milk, many will go to market for once or twice in week, and many of them will buy milk. 27 respondents chose commissary and 13 chose wholesalers and just 2 chose milk manufacturers and distribution. So commissary and wholesalers is also a good channel to sell milk products.

#### The attractive brand

In the following figure it is shown what the most attractive brand is. This is an important question to the milk company; the questionnaire will reflect that which kind of milk brand respondents prefer. There are 7 kinds of milk brand in the question. The respondents could choose only one.

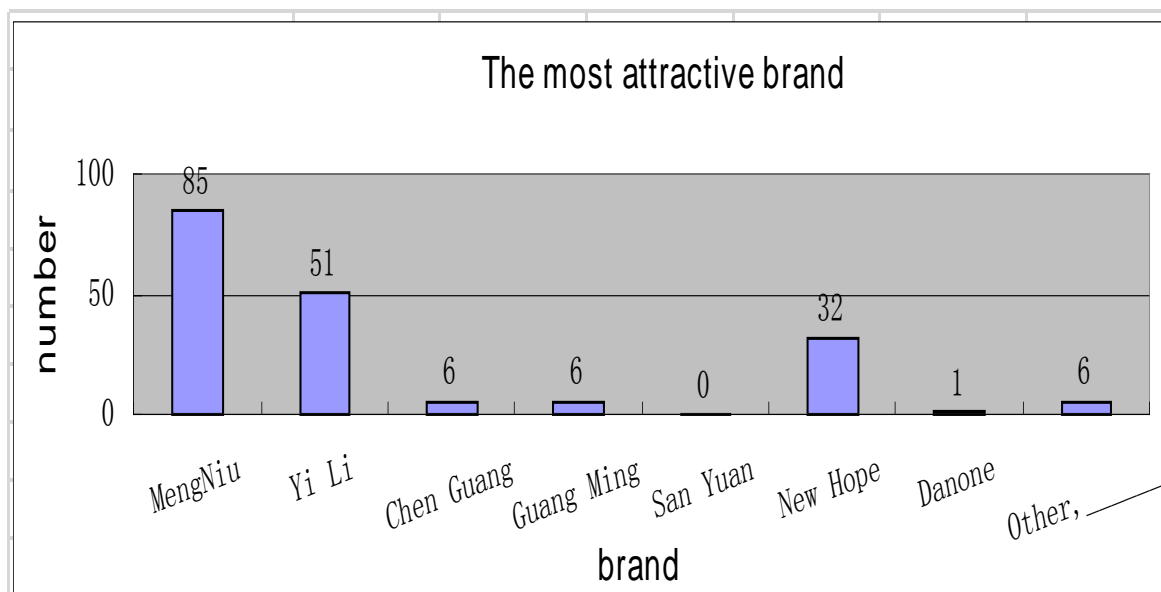


FIGURE 7: The most attractive brand (n=187)

All the respondents answered this question, half of them chose MengNiu as their favorite brand, and second was Yi Li. Yi Li is the biggest competitor of MengNiu. There are 51 respondents who chose Yi Li. So we can say Yi Li is a competitive brand in Chinese dairy industry, and New Hope is the third attractive brand, 32 respondents chose it as a favorite, it is also a strong competitor, and can't be ignored. Chen Guang and Guang Ming have an equal number of supporters. Danone was

chosen by only one. Six respondents answered others; maybe they don't like drinking milk.

The reasons that motivate to buy

The next figure (8) presents what kind of things attract respondents, when they choose which milk product they will buy. (Multiple choice)

Ten options were listed in the question, and the question was a multiple choice question, so respondents were able to choose one or more options.

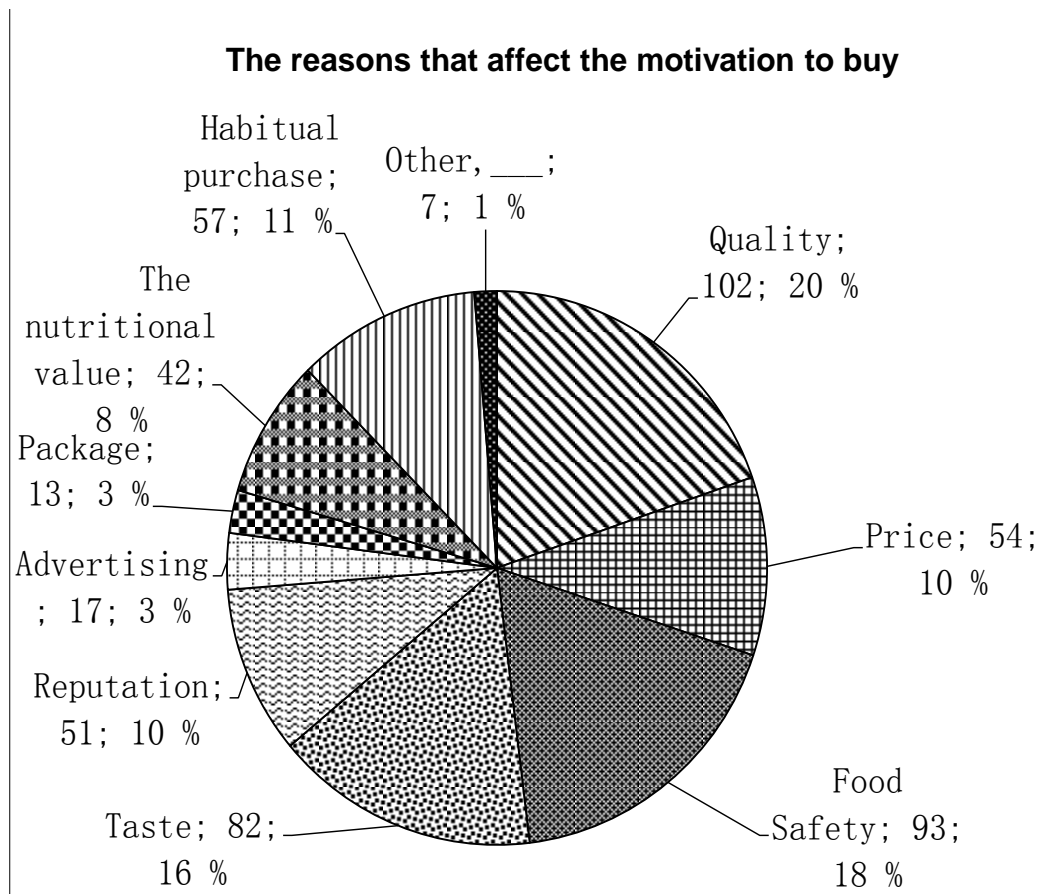


FIGURE 8: The reasons that affect the motivation to buy (n=187 N=518)

In this question, there were 102 respondents who chose quality as the reason, no doubt that the most important factor to a brand is quality, most respondents consider quality as a crucial factor when they compare different products. Food safety was the second important reason and it is also an important reason to attract their purchase motivation. 83 respondents chose taste and 57 respondents chose the nutritional value, 54 respondents chose price and 51 respondents chose reputation, these are

all important reason to affect customers. Advertising, package and habitual purchase are also affect customers' purchase desire; some of respondents chose them as reason.

There is an interesting factor that most of the women chose package, taste, nutrition as reasons, men mostly chose quality and price. Elder people mostly chose quality and nutrition and food safety, younger chose taste as the important reason. Students mostly chose taste, quality and advertisement. Here is a table about the results.

TABLE1. Cross analysis between the age groups and the reasons to buy.

Reason to buy \ Age	less than 18	18-25	26-40	41-60	more than 60
Quality	2	39	44	17	0
Price	4	25	15	10	0
Food Safety	3	35	40	15	0
Taste	8	58	12	4	0
Reputation	1	25	20	5	0
Advertising	1	7	5	4	0
Package	1	10	1	1	0
The nutritional value	2	2	28	10	0
Habitual purchase	6	31	10	10	0
Other,____	4	3	0	0	0

### Effective channels

Seven options were listed in the question what kind of channels affect you most when you buy milk. The question was a multiple-choice; the respondents were able to choose one or more options.

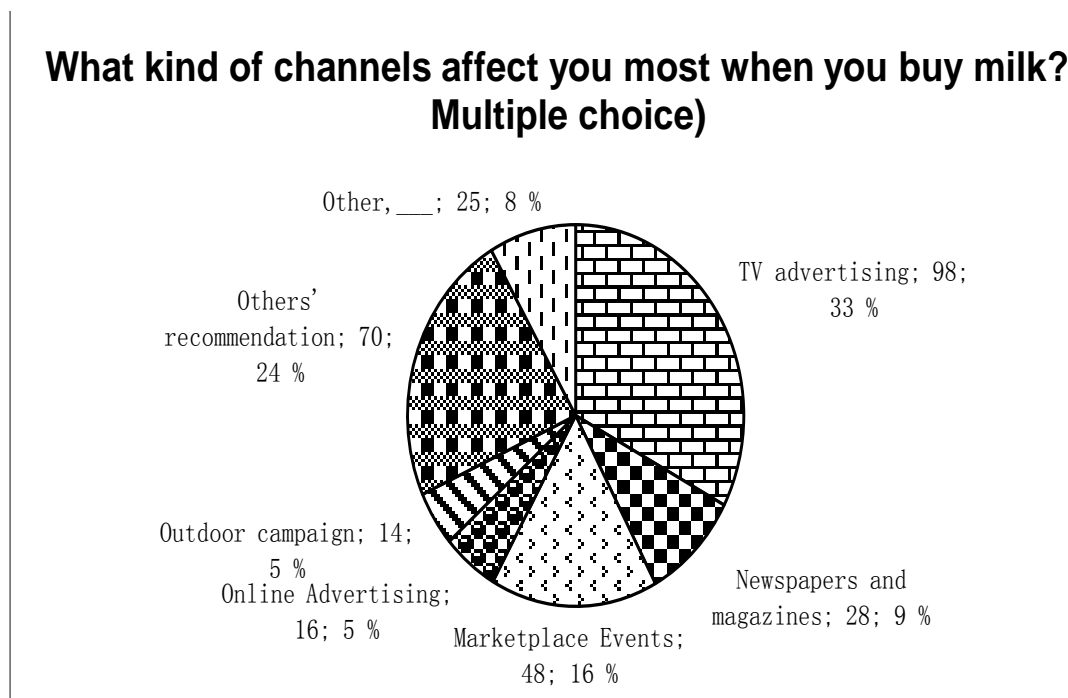


FIGURE 9: Channels that affect purchase desire (n=187 N=299)

TV advertising is the most popular channel in modern society; it plays a most important role in nowadays marketing. 98 respondents chose TV advertising channel, 70 respondents chose to listen to others' recommendation, 48 respondents chose marketplace events, and 28 respondents chose newspapers and magazines. Online advertising had only 16 respondents and outdoor campaign had only 14 respondents.

There are some differences between different respondents groups, younger respondents mostly chose TV advertisement and others' recommendation, elder respondents mostly chose newspaper and magazines, and women mostly chose to listen to others' recommendation. Men mostly chose TV advertising. Outdoor

campaign had more man’s support. Some respondents chose others, they didn’t give any explanations. Here is a table about the results.

TABLE 2: Cross analysis between the gender and the channels that affect buying.

Channel Gender	TV advertising	Newspapers and magazines	Marketplace Events	Online Advertising	Outdoor campaign	Others' recommendation	Other
	Male	50	8	18	2	10	5
Female	48	20	30	14	4	65	10

The next question was to find out if respondents have already bought milk of MengNiu, and do they change a milk brand? (Single choice)

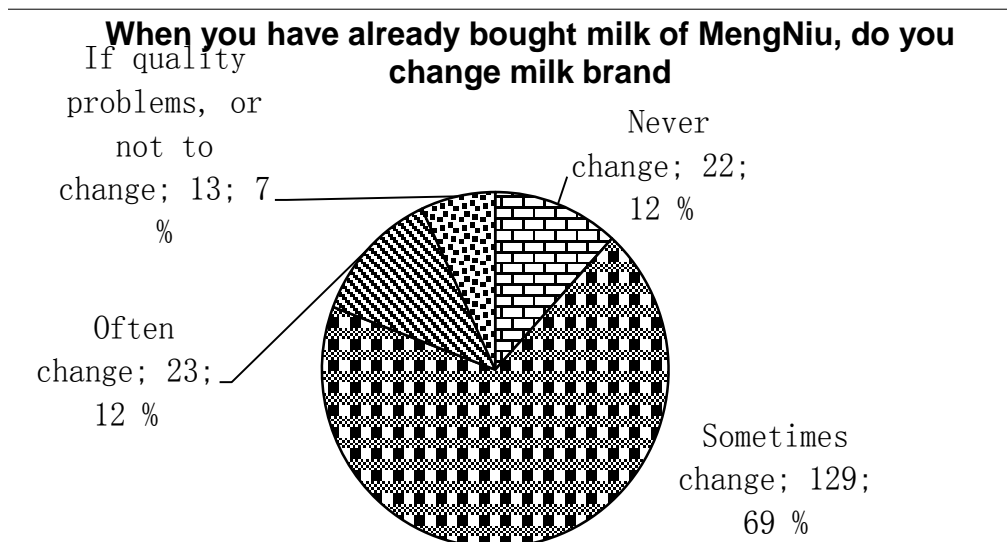


FIGURE 10: Change for another kind of milk brand (n=187)

From the questionnaire respondents, we can see that there are 129 respondents who change milk brand sometimes, only 22 respondents answered that they never

change. We can assume maybe MengNiu doesn't have a high customer loyalty; customers would like to change for another brand sometimes. So this is a problem for MengNiu and need to be improved in the MengNiu's coming future. MengNiu need to think about some kind of strategies to improve customer loyalty.

Talking about different respondents have different choice of this question, generally speaking, respondents who chose "sometimes change" are mostly women, respondents who chose "never change" are mostly men.

#### Reasons why to change milk brand

The next question was trying to find out why the respondents do changes milk brand. This question consisted of some reasons why people change brand. Reasons given were lower price; new packaging; unique tastes and others.

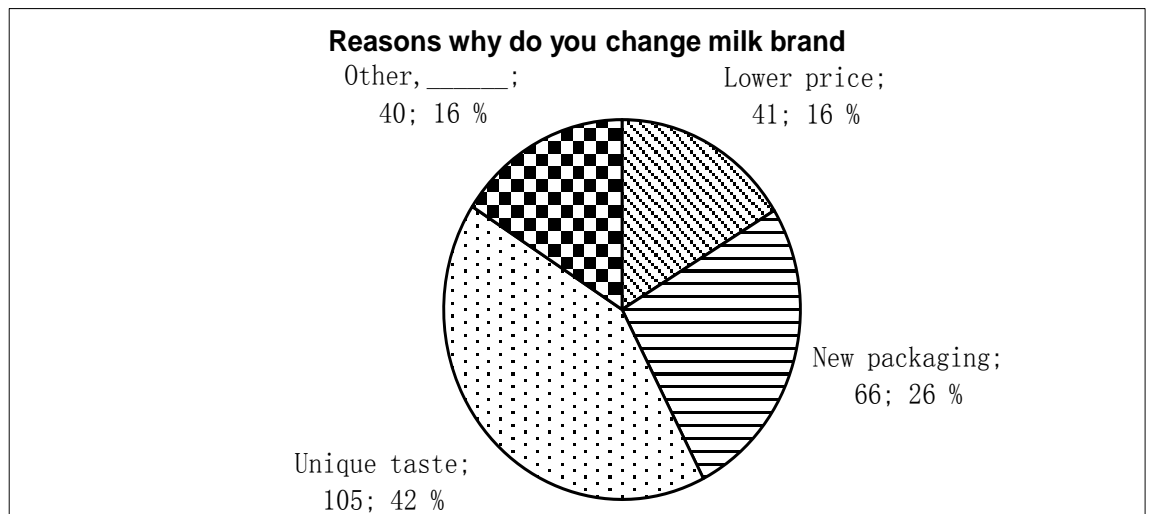


FIGURE 11: Reasons why change brand (n=187 N=252)

Obviously, most of the respondents chose unique taste. Taste makes an important role in the mind of customers. New packaging is also important when customers want to change for another brand, the survey indicated that MengNiu need to produce new flavors of milk products so that can attract more potential customers and remain the existing customers. Some of them chose "other"; they didn't give any reasons why they want to change.

### Image about MengNiu Milk

The following question examined what kind of image the respondents have of the MengNiu milk. There were five options. (Single choice)

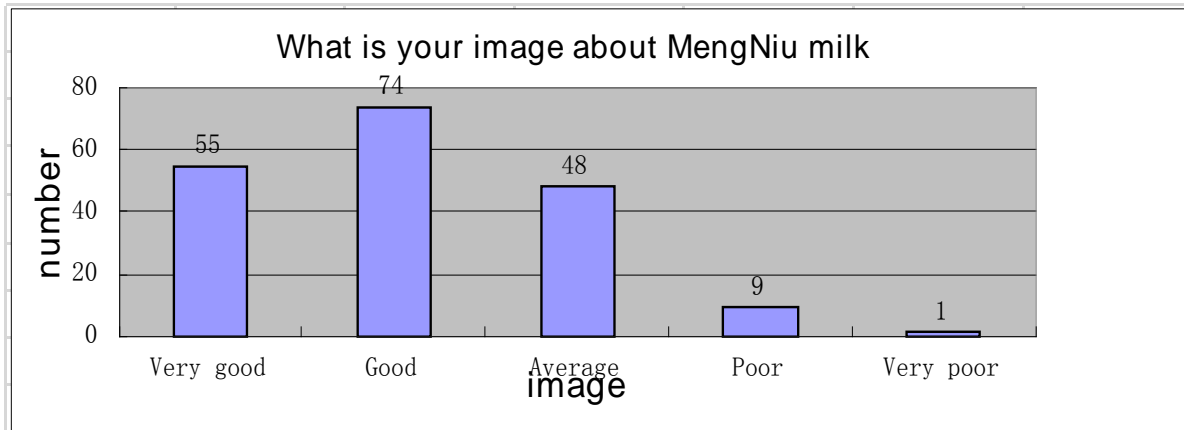


FIGURE 12: Image about MengNiu milk (n=187)

Generally speaking, just 10 respondents had a poor or very poor image about MengNiu, all the others had an average or good or very good image about MengNiu. No doubt that this is a good information for MengNiu, but Chinese almost all have some prejudices about domestic milk because of previous toxic milk powder incident. I dare say people trust more in imported milk, they have no confidence about domestic milk. MengNiu inevitably isn't trusted by people. So improving the quality of the products and win the trust of customers are very important in this situation. In this questionnaire, younger respondents, especially students, have a very good image about MengNiu. The elder respondents mostly chose average.



The best products

The following question was to find out which products of MengNiu the respondents like best? (Single choice)

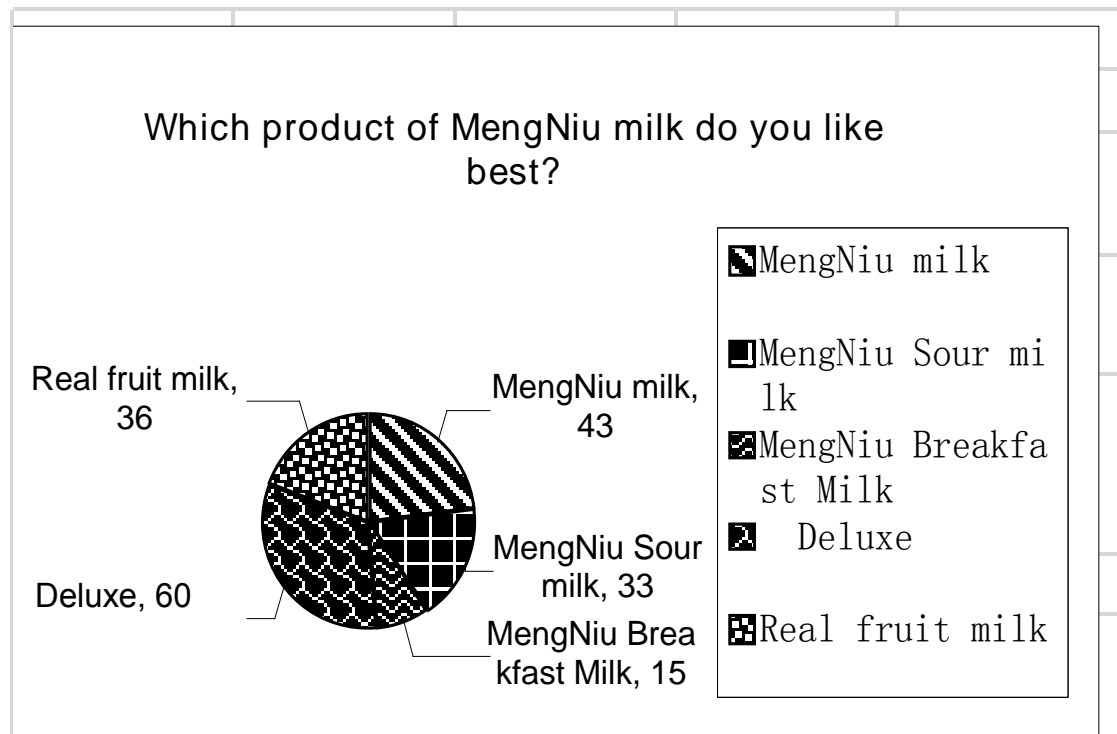


FIGURE 13: The likes of milk products of MengNiu (n=187)

MengNiu has different milk products, the questionnaire divided them into five parts, and they are MengNiu milk; MengNiu Sour milk; MengNiu Breakfast milk; Deluxe; and Real Fruit milk. In the figure 14, we can see that Deluxe and MengNiu milk are very popular among respondents, most of them like them best, I think not only because they have a good quality but also they have a unique taste, so they attract most of respondents. MengNiu Sour milk and Real Fruit milk are also having a good market position, 69 respondents chose them as best products, but MengNiu Breakfast just had 15 supporters, and it doesn't have a high market position. As I found in the questionnaire, students chose mostly Deluxe; Real Fruit milk; and MengNiu Sour milk. Elder respondents mostly chose Deluxe; Breakfast milk and MengNiu milk.

The reasons for the choice in previous question

The purpose of this question (figure 14) was to find out the reason why respondents chose a particular product. The form of the question was: What are the reasons of your choice in previous question? (Multiple choice)

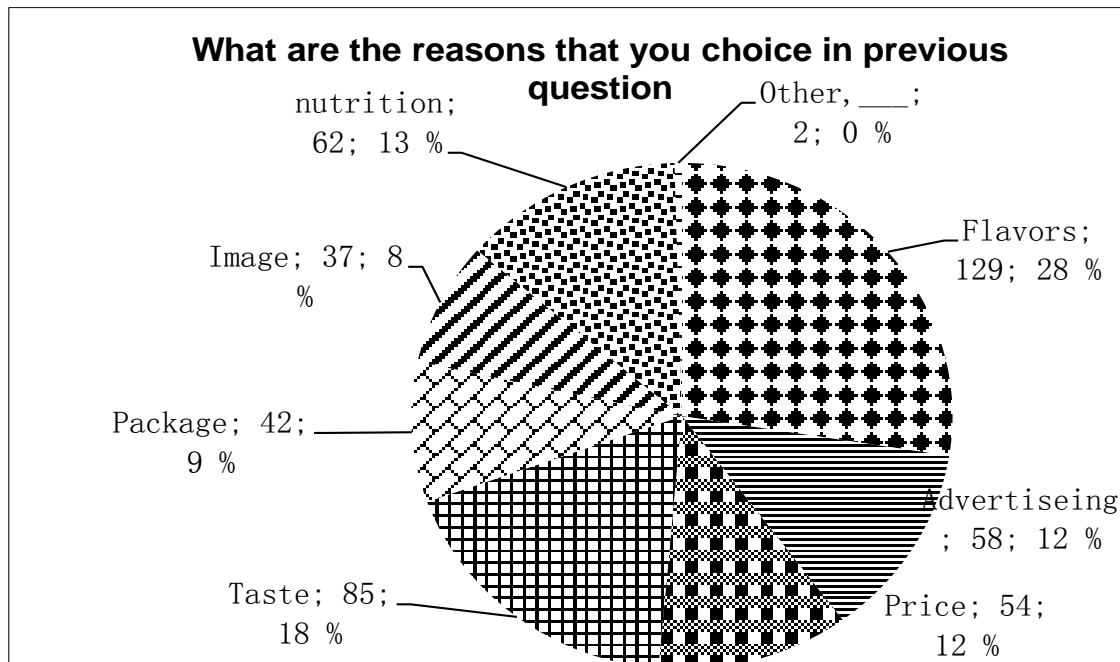


FIGURE 14: Reasons about previous question that which product of MengNiu milk you like best (n=187 N=469)

This question consists of some reasons to choose certain product; the reasons mentioned were flavors, advertising, price, taste, package, image, security, and others. Because this question was a multiple choice, one respondent was able to choose more than one option. Flavors and taste were considered as two main reasons according to the questionnaire, the figure shows that 129 respondents chose flavors and 84 chose taste. Security is the third important reason and advertising, price, package, image is also being considered as an important reason when respondents choose their favorite milk product. Some of them chose "other" as their option, they didn't describe any reasons.

Younger respondents mostly chose taste as the reason about previous question; they thought Deluxe; Real fruit milk; and MengNiu sour milk taste good. But elder respondents chose nutrition as their reason, there is no doubt that they think Deluxe;



## Packaging

This question was concentrating on the package of milk, we can see different package of milk in the markets, such as box, bag, can, package, bottle and so on. (Single choice)

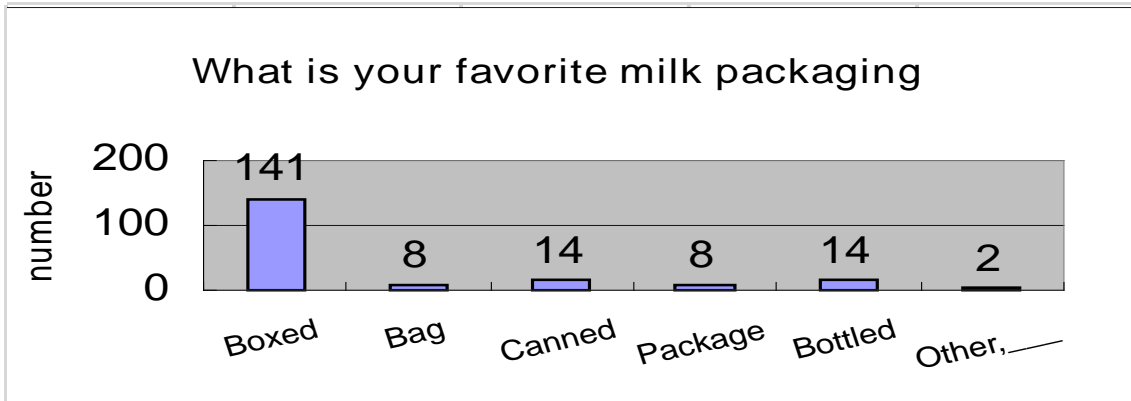


FIGURE 15: Favorite milk packaging (n=187)

Respondents like boxed milk. Actually, most of milk in supermarkets is sold in boxes, so there is no doubt that boxed milk is the most popular. Some respondents chose other; they didn't give any reply in the question.

This question is a survey about the reasonable price of 250ml milk. All the customers have their own psychological price level about one product, it must be average price. You can see four kinds of price range in the question.

### A proper price for milk

The next question was to find out how much the respondents are willing to pay for 250ml of milk. Four options were given. (Single choice)

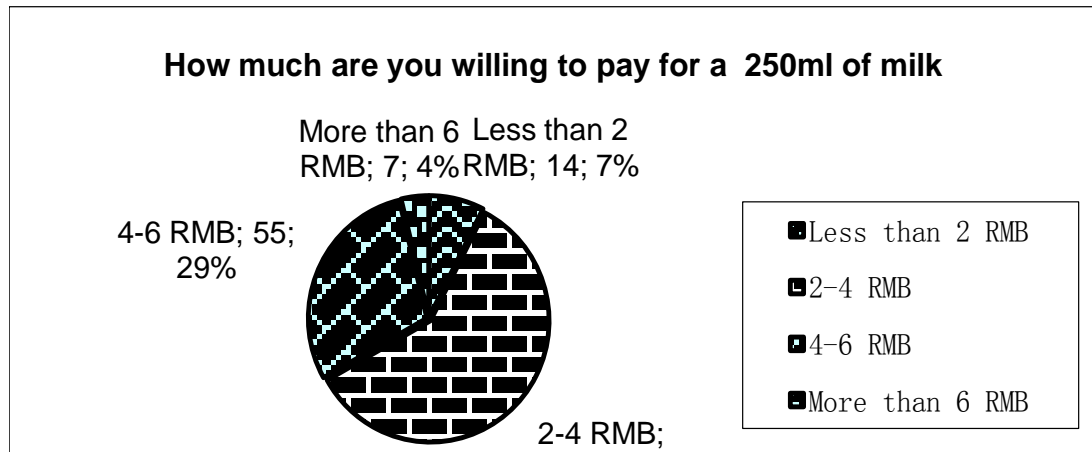


FIGURE 16: A proper price for milk (250ml) (n=187)

In the figure 16 we can see that more than a half of respondents think 2 - 4 RMB is the acceptable price, and 55 respondents think 4 - 6 RMB. More than 6 RMB is too high and less than 2 RMB is also unreasonable. Consequently 2 - 6 RMB is considered as reasonable price in their mind. MengNiu group should price their product according to customers' psychological price level, and give customer a reasonable price. In this question, respondents who chose 2 - 4 RMB are mostly younger respondents who are studying now.

## Sales promotion

Sales promotion always play an important role in the market, a good promotion skill will improve sales of the products obviously. Here are some examples of the promotion methods, “free tasting”, “buy then send a gift”, “promotional gifts”, “and sweepstakes” and other.

The question was: what kind of milk sales promotion the respondents can accept from MengNiu? (Single choice)

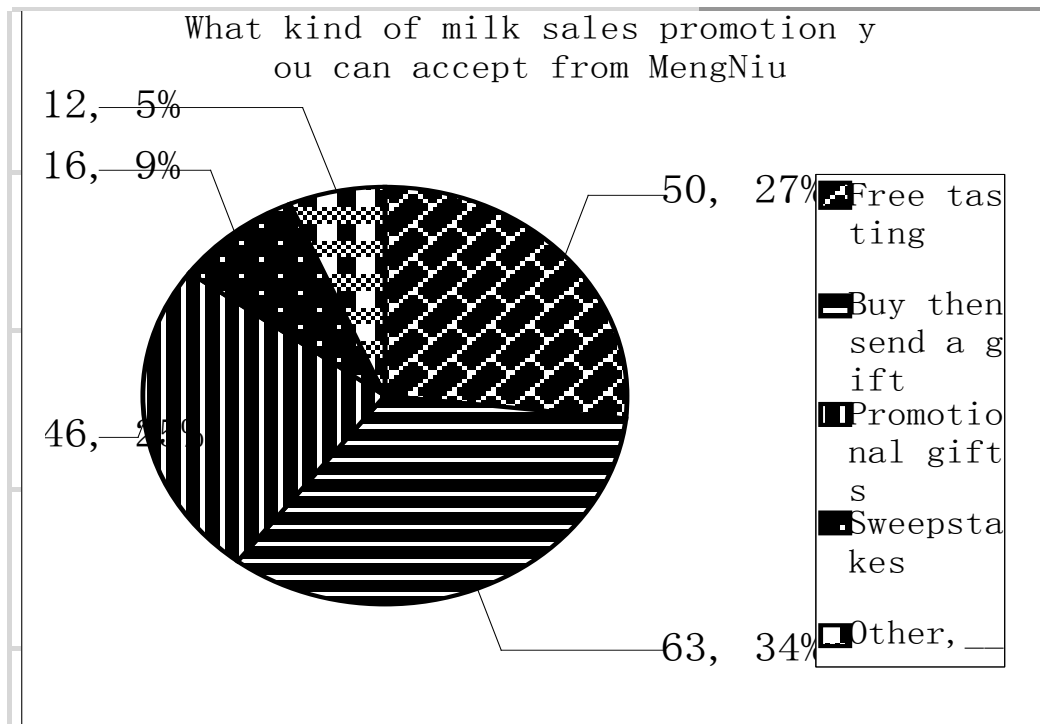


FIGURE 17: Accepted sales promotion of MengNiu (n=187)

According to this survey, “buy, and then send a gift” was considered as the first accepted promotion method. “Free tasting” had 50 supporters; it is also a good method. Sometimes, customers don’t want to buy some product they haven’t used before, so they want to try it, so free tasting gives them a change to try it. If they think it tastes good, then they would like to buy it. If you want to improve your sales volume, a good promotional method is necessary. Some respondents chose other, they pointed out the discount.

### Required information about products

Customer always wants to get some information about the milk according to the milk advertisements. Here is a list of some information about the milk, such as nutrition, production process and technology supply, ranch supply, brand, and others.

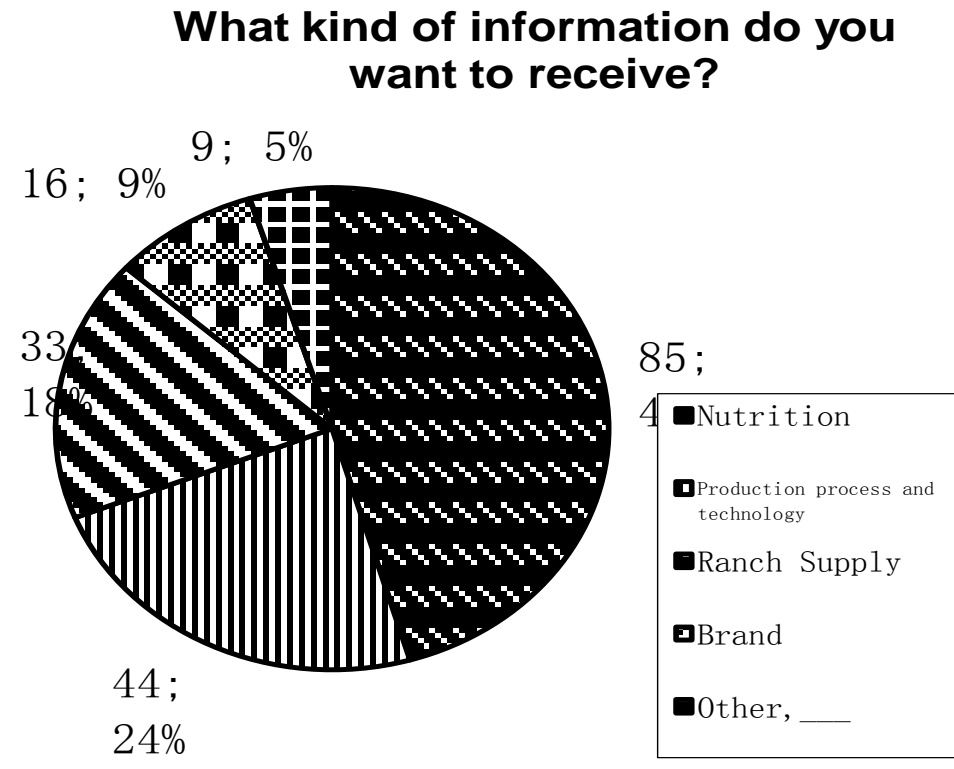


FIGURE 18: What kind of information is wanted from the milk ad (n=187)

We got some feedback from the respondents, 85 of them want to know exactly about nutrition about the milk, such as protein; energy; calcium content and so on. 44 of respondents chose production process and technology; they want to get more knowledge about milk production process. 33 of respondent chose ranch supply; ranch supply is an important factor to the milk production. Some respondents chose other, they pointed out quality promise, and price.

### Summary about the whole Survey

The survey was concentrating on the customer' opinion about the milk products and milk brands, which product they like best, which brand they like best. The questionnaire was sent to the customers by email and I received 187 respondents, they participated in the questionnaire actively.

In a summary, according to this small survey MengNiu got a good impression in the mind of customers, Yi Li is an important competitor to MengNiu, also have a good impression. Generally speaking, quality and taste are the two important factors according to the results. Some other things like service, package, brand, and price are also necessary to improve in the dairy industry. And people in different ages have their different choices in different questions. The company should have different sales promotion and methods according to different customers. Generally speaking, MengNiu have left a good impression to the customers, this is an advantage for MengNIU. Of course, we can see from the figure, customers have different opinion about the different products of MengNiu and the price of MengNiu milk; this is a good reference for the company to decide the exact and suitable price in the markets.



## 7 CONCLUSION

Along with the reform and openness to the world and rapid economic development in China, people's living standard and income level has improved, and the concept of consumption also has undergone great change. More and more Chinese are more and more concentrated on the nutrition of milk. Increasing number of potential customer and encourages and supports form the Chinese government provide huge potentials for development of dairy industry. However, because of the comprehensive entrance of foreign dairy brand and growing appearance of local Chinese dairy company, the competition of Chinese dairy industry becomes increasingly fierce. Therefore, the marketing suggestion for MengNiu Company's future development is equired. In thesis report, the main objective is to analyse MengNiu Company marketing situation and give some marketing suggestion for company according to feedback from customers. Finally, I have achieved some results about marketing of MengNiu group. And according to the analysis results, to find out the challenge and make some suggestions to the company.

### 7.1 Challenges

With the development of economy and social progress, people pay more attention to their own health and to improve the quality of life. Therefore, customers have higher requirement on quality of services. Competition of dairy industry is intense, how to ensure marketing position and keep the marketing share is a big change to MengNiu group, especially the main competitor –Yi Li, how to win in this competition, MengNiu need to take different strategies as soon as possible.

More and more people are concentrating on the dairy of foreign country. How to pull people back from foreign country is important to the development of MengNiu Company. Reputation of products, quality of products needs to improve day by day

### 7.2 Suggestions to MengNiu

According to the survey, I have made some suggestion to MengNiu Company.

Strengthen the publicity of brand

The company should strengthen the publicity of MengNiu brand by combining between mass media and business media to spread MengNiu brand connotation. And the company can use famous products to promote sales of other products of MengNiu.

#### Diversity products

Demand is increasing nowadays, innovation of products and products diversity is very important to the company.

#### Quality improvement

Quality of Chinese dairy products is always a big question, people are losing confidence in Chinese dairy, they would like to pay more money to buy import milk from other country, and so how to build a good impression about dairy products is primary question to MengNiu Company.

#### Development of international markets

Improve the international reputation is important factor to MengNiu, not only just focus on the domestic markets, but also need to develop international marketing, how let MengNiu to be an international brand, Maybe it has a long way to go, but just try to do it.

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**Appendix 1 1(6)**

## Questionnaire

The survey is to understand the consumer psychology whether the customers satisfied the products, utilize this survey to get some customers' suggestions for improving the products, services and other shortages.

Please select the answers, if necessary write your own answers. Thanks for taking part in the questionnaire.

1. What's your gender?

- Male
- Female

2. What's your age?

- Less than 18
- 18~25
- 26~40
- 41~60
- More than 60

3. what is your profession (Single choice)

- Full-time students
- Production staff
- Sales
- Marketing / PR

Customer service

2 (6)

Administrative / support staff

Human Resources

Finance / Audit staff

Clerical / clerical staff

Technical / R & D personnel

Managers

Teacher

Consultant / Consulting

Professionals (such as accountants, lawyers, architects, health care workers, reporters, etc.)

Other, \_\_\_\_\_

4. Where do you often buy milk? (Single choice)

Supermarket

Commissary

Wholesalers

Milk manufacturers and distribution

Other, \_\_\_\_\_

5. Which of the following do you think is the most attractive brand: (Single choice)

MengNiu

Yi Li

Chen Guang

- Guang Ming
- San Yuan

3 (6)

- New Hope
- Danone
- Other,\_\_\_\_\_

6. What kinds of reasons attract you most? (Multiple choice)

- Quality
- Price
- Food Safety
- Taste
- Reputation
- Advertising
- Package
- The nutritional value
- Habitual purchase
- Other,\_\_\_\_\_

7. What kind of channels affect you most? ( Multiple choice)

- TV advertising
- Newspapers and magazines
- Marketplace Events
- Online Advertising

- Outdoor campaign
- Others' recommendation
- Other,\_\_\_\_\_

4 (6)

8. When you have already bought milk of MengNiu, do you change milk brand?  
(Single choice)

- Never change
- Sometimes change
- Often change
- If the original product quality problems, or not to change

9. Reasons why do you change milk brand :( if not change, no answer) ( Multiple choice)

- Lower price
- New packaging
- Unique taste
- Other,\_\_\_\_\_

10. What is your image about MengNiu milk? (Single choice)

- Very good
- Good
- Average
- Poor



- Very poor

11. Which product of MengNiu milk do you like best? (Single choice)

- MengNiu milk

5 (6)

- MengNiu Sour milk
- MengNiu Breakfast Milk
- Deluxe
- Real fruit milk

12. What are the reasons that you choice in question 11? ( Multiple choice)

- Taste
- Advertising
- Price
- Taste
- Package
- Image
- Nutrition
- Other,\_\_\_\_\_

13. What is your favorite milk packaging: (Single choice)

- Boxed
- Bag

- Canned
- Package
- Bottled
- Other,\_\_\_\_\_

6 (6)

14. How much are you willing to pay for a 250ml of milk ? (Single choice)

- Less than 2 RMB
- 2-4 RMB
- 4-6 RMB
- More than 6 RMB

15. Which kind of milk sales promotion you can accept of MengNiu? (Single choice)

- Free tasting
- Buy then send a gift
- Promotional gifts
- Sweepstakes
- Other,\_\_\_\_\_

16. What kind of information you want to get more from the milk ad? (Single choice)

- Nutrition
- Production process and technology
- Ranch Supply

- Brand
- Other, \_\_\_\_\_

Thanks for your participation!

