



# Chinese Herbal Tea Brand Positioning Strategy –

Case Study:

WONG LO KAT Herbal Tea

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Bachelor's Thesis

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## Thesis Abstract

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<p>Abstract</p> <p>With the Chinese reformation and opening-up, the domestic beverage industries got into a new period of development. The market also entered a booming period. The domestic beverage enterprises faced with opportunities and challenges that came from different aspects, and inter-brand competition also became more seriously. How to identify the brand's market positioning, determine the brand's competitive advantage, and develop relevant marketing strategies is the subject which needs to have attention now.</p> <p>This thesis report can be divided into theoretical part and empirical part. The main concepts of theoretical part include brand positioning, brand strategy, SWOT analysis and marketing mix (product, price, place and promotion).</p> <p>In empirical part, the study research utilizes quantitative method that gives customers questionnaire survey and analyzes customers' answers. The purposes of research were to help the Wong Lo Kat to understand realistic customers' evaluation (brand image, brand loyalty and brand positioning), specific customers' demands, and then gives the further suggestions for Wong Lo Kat herbal tea.</p> <p>The purpose of this study is to find out brand positioning strategy for Chinese herbal tea. A case study, Wong Lo Kat, is used as an example to verify whether their brand positioning affects their consumer's purchasing. This study will find proper brand strategy for Chinese herbal tea.</p>			
Keywords Positioning Strategy, Brand positioning, Marketing mix			

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## 1 INTRODUCTION

The Positioning concept, which was proposed nearly 40 years ago, was disseminated widely in the 1970s. It was developed from advertising positioning to marketing strategy positioning and final to enterprise strategic positioning, which formed a precise, systematic theoretical system gradually. Actually, this concept generated a significant and FAR-reaching impact for global corporate marketing strategy and brand planning. In 2001, positioning theory was named the largest ever to the idea in the American Marketing Association American Marketing Association. (Trout and Ries 1974, 32.)

In the early 1990s, positioning theory was introduced into China, which aroused wide attention with marketing scholars and marketing practitioners immediately. In practice, however, positioning theory has not been getting enough attention, There were many misunderstanding in the aspect of brand concept in Chinese enterprises, and most domestic first-class enterprises were facing a big crisis in the brand strategy. Although this would not appear in short-term, for long-term those would weaken about brand competitiveness greatly. It would not only expand new markets quickly, but it would also be able to obtain long-term brand advantage by using positioning theory to build brand and improve competitive advantage. (Deng 2005, 67.)

Wong Lo Kat herbal tea as an example, in 2002, Wong Lo Kat has been operating more than seven years without is known well. In 2002, Wong Lo Kat made a series of reforms that included opening up new beverage market channels, making marketing publicity and brand promotion. It also redefined unique personal brand appeal - the "Remove heat" that met the consumer demand and avoided domestic beverage competition. "Wong Lo Kat" sales soared by a perfect fit between brand positioning accurately and marketing mix- 4Ps (product, pricing, distribution, promotion). (Li 2003, 58.)

In recent years, Guangdong herbal tea production sales to the many places, so the herbal tea market competition will be more intense. Following with WLK in the herbal tea market, many companies all produced a lot of other herbal tea. (Hou 2007, 89.)

Certainly, the traditional marketing theory is difficult to guide in the market environment, while positioning theory is about competing theories essentially. Ries and Trout proposed and developed brand positioning from different aspects. (Ries and Trout 1974, 102.)

Therefore, my thesis is based on brand positioning theory, constructing a basic analytical framework of brand positioning. The Organic Integration of positioning and marketing mix, it comes from a complete set of integrated solving project. If the other

herbal tea brand wants to grab the tea positioning, they should learn from the WLK successful experiences and then find out their own position. Finally, the Chinese herbal tea can enter into the international market.

#### Research methods

Firstly, the thesis uses some information from Literature research, like Ries and Trout' books on positioning theory. Then the theoretical positioning theory, positioning method and the relationship between positioning and marketing mix are summarized, which form a complete positioning theory analysis framework.

Then, a comparative analysis follows. It compares data and makes an objective evaluation by two or several inter-related things. So comparing the WONG LO KAT herbal tea with other brand teas is also a good method to find out the differences. Furthermore, the other tea brand also can know their own location, and then draw the successful experiences from it.

Finally, the case study is the main method in my thesis. As we all know, case analysis is subjective. It solves the problem through practical examples and analyzes problems because it helps us to find the nature of phenomenon. It can seek common ideas through a special case. Most importantly, it is combined with the actual life. Empirical research is rational; the results are repeated by experiments and demonstration. Then these results are collected and analyzed. For my thesis how to positioning and reposition is done for its brand strategy of the WONG LO KAT is the key to the research, so here I will use a questionnaire survey with several questions to collect data. There will be 14-18 questions in the questionnaire and the result will also be analyzed.

#### The structure of thesis

The first chapter mainly introduces the research background and importance of the research, and the analysis methods.

The second chapter is an overview of positioning theory and related theory. It also includes the basic framework.

Then the third chapter introduces environment analysis for herbal tea brand, including domestic beverage industry, policy environment, competitive analysis and herbal tea's current situation.

Next chapter compares the WONG LO KAT and other major herbal tea brand positioning strategies, lists the different brand positioning and summarizes the differences and forms a completed positioning theory.



The fifth chapter analyzes the WONG LO KAT brand positioning, using a 4Ps and SWOT analysis. Meanwhile, the thesis also will analyze the survey and results in this chapter.

The final chapter gives the conclusions and recommendations for the herbal tea industry.

## 2 BRAND POSITIONING

Positioning was used firstly by Jack Trout who is an advertising executive in the American Marketing magazine. (Industry Marketing 1969.)

Positioning is making the product positioning into the minds of your potential customers. Positioning start from a product that might be a commodity, a service, an organization or even a person, perhaps your own and so on, however, positioning is not aimed at product. It emphasized positioning is localization of the brain, not the product positioning, changed “consumer, please note” into “please note consumer”, and proposed re-location problems. They defined positioning as an information communication strategy, which is an advertising positioning method. (Trout 1969, 13.)

Positioning theory created a new era, which was disseminated and accepted widely by people in the 1970s. It got richer, deeper and development during marketing and marketing competition. Marketing scholars integrated positioning with the existing system and proposed marketing positioning theory. Marketing expert Philip Kotler was based on Ries and Trout theory critically, then defined positioning as follows: Positioning is designed for company product so that can occupy a unique and valuable position in target customers. He accepted Ries and Trout basic definition of positioning, namely to promotion products, service and enterprise (brand) in the minds of target customers that differentiated image of the activity. On the other hand, he did not agree that they did not change product ideas and emphasized a need for a unique product design. (Kotler 1999, 45.)

Kotler also proposed a completed STP positioning method, namely market segments (Segmentation), target market (Targeting), and special location (Positioning). Well, the content of marketing strategy positioning has begun to go beyond its original definition, which was not a product manufactured behavior, but it started before production activities; and not through short-term campaigns, but it was concerned with long-term marketing strategy. Once it becomes the content of marketing positioning strategy, it will contact with each element closely in marketing mix. Philip Kotler noted that positioning is presented in the earlier part of 4P combination, affecting all subsequent steps, including promotion, communication, advertising. Nowadays, the theory has been breakthrough advertising into the marketing positioning. (Kotler 1999, 157.)

The Positioning, the first Chinese version book, was published in 1991. When the book came out, it attracted the attention from many marketing professionals immediately. The book proposed that positioning is the only way for the Chinese company and declared that Chinese market positioning time has come. In 2002, the magazine Sales and Marketing analyzed and explained the theory. In recent years, the concept of positioning and strategy has become a hot topic. Although the topic is mature in

Western countries, it is still in the pilot phase for China. Anyway, the Chinese scholars have a lot of attempts on positioning. (Sales and Positioning 2002.)

Chinese famous scholar, Lu Taihong, who has written the book on advertising creatively, and proposed five points of follow: (1), the purpose of advertising is making a brand, company or product gets a foothold in the consumers' minds. (2), advertising should concentrate on a narrow target and create a psychological position. (3), a unique advertising position, "first argument, the first event, the first position". Since the leader position cannot be forgotten by the consumers. (4), the differences for the advertising are not for the product features but to show and realize the difference between class brands. (5) Once the position has been established, it will achieve the preconceived aim. (Lu 1997, 15.)

Deng Delong pointed out the seven brand misunderstandings of Chinese enterprises. He thought the essential of positioning is competition, through differences with other competitors and present contrary value proposition, finally do their own standards bigger and thus creating a strong brand. He also put forward to marketing "two truths" (brain finite and limited time), "two essences "(strategic and competitive)," three principles "(aggressive principle, concentration forces principle, defense superiority principle) and "seven principles "(brain principle, leading principle, the differentiation principle, focus principle, vocabulary principle, practice principle, leader principle) for the architecture of the new competitive marketing system. (Deng 2005, 87.)

Jin Lin concluded a complete theoretical framework of positioning, and comprised positioning theory and traditional marketing theory deeply, pointing out five areas there are differences between positioning theory and traditional marketing theory: (1) In traditional marketing theory, consumers are the object of marketing, in positioning theory, consumers become the subject; (2) In traditional marketing theory, it is customer-oriented, in positioning theory, it is competition-oriented; (3) In traditional marketing, it is diversity in tools and methods, in positioning theory, it is simple and consistent; (4) In the traditional marketing theory, it cares about brand extension, in positioning theory, it focuses on advocated operation; (5) In the traditional marketing theory, it is the top-down marketing, in positioning theory, it is the bottom-up marketing.( Jin 2009, 127.)

## 2.1 Brand positioning methods and marketing mix

Positioning theory started from the social environment where we live. The traditional media newspaper, television broadcasting and new media, computer networks made people get amount of information in daily life, and technology development made the spread faster. However, due to limited physical effort, the brain cannot deal with all of the information. People will screen information that they received, and resist the information, so the brain's self-defense mechanisms will play a part in this situation, and more and more information are excluded from the brain, and thus the brain is

limited. During the process of selecting information, the brain will remove those information that are contradicting with original information, thus the brain is not easy to change. We called this characteristic of the brain as the “Brain invariance.” Recognizing the limited brain is the most important and scarce resource of the customer's brain. In this environment of explosion information, the marketer should make sure information is not submerged and enter the customers' brain only by the positioning concept, separate the noise from market, in order to take full advantage of the opportunities to contact with customers. Brain Invariance means that customers recognize it is difficult to change, so please do not try to change consumer mind. A product or brand must to find a new location in their brain. The limited brain and invariance show why you need positioning. (Hou 2007, 256.)

Because of the limited brain, simple things are preferred, so must be spread information as simple as possible. Meanwhile, because of the invariability of brain, if you want to convince consumers that your products are better than the other competitors, it will be failed. So it does not provide cheaper products or services to meet customer demand for the existing market, but creates a new product category and makes your brand become the first where it occupies a significant position in the minds of potential customers. Therefore, the first step is keeping good mental status, and then the market follows the mind and moves with it. The principle of differentiation is making a new brand to take a good position in customers' mind for creating a new market, looking for the concept of competition in differentiation to gain the competitive advantage. Finally, a good tactics have to transformed into a strategic and keep the advantages, and this will create success. (Trout 2004, 119.)

Every successful brand must have mental resources in consumer's mind, named positioning. Marketing activities are meant to assist the brand to establish and consolidate the position, which affects consumers' purchasing decisions. After that, you can determine marketing product, price, distribution, and promotion. Positioning exists in all the marketing process which determines the form and content of the marketing mix, in turn the marketing mix establish and consolidate location. (Deng 2005, 90.)

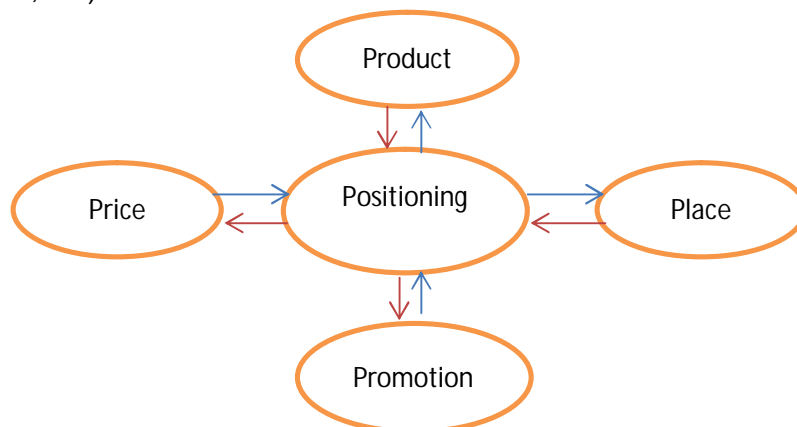


IMAGE 1. Brand positioning And Marketing mix (Baidu.com)

### 3 HERBAL TEA BEVERAGE MARKETS IN CHINA

Beverages are divided into alcoholic beverages and soft drinks. Alcoholic beverages mean the alcohol content above 0.5% (mass ratio), including wine, distilled spirits and wine preparation. Soft drinks mean low 0.5% (mass ratio), which are natural or artificial and their main material is drinking water or mineral water and fruit juice, vegetable juice or plant roots, stems, leaves, flowers and fruit liquid. Alcoholic beverages, especially wine, has a long history in China, and China soft drink industry is one of the new industries since the reform and opening up, which is also the new growth point for China. (TANG 2015.)

In recent years, soft drink has been fast consuming goods. Their annual production increased a more than 20% annual growth rate. The soft drinks market has become one of the fastest growing markets in the development of China's food industry. In 2010, China produced 25,220,300 tons of soft drinks and its output topped 60 million in 2014, so the average annual increase was 21%. So China had become the world's second largest beverage producer. In 2015, China's soft drink production increased by 38%, amounting to 80.862 million tons, obviously, hitting a new high beverage yield. (TANG 2015.)

Unit: million tons

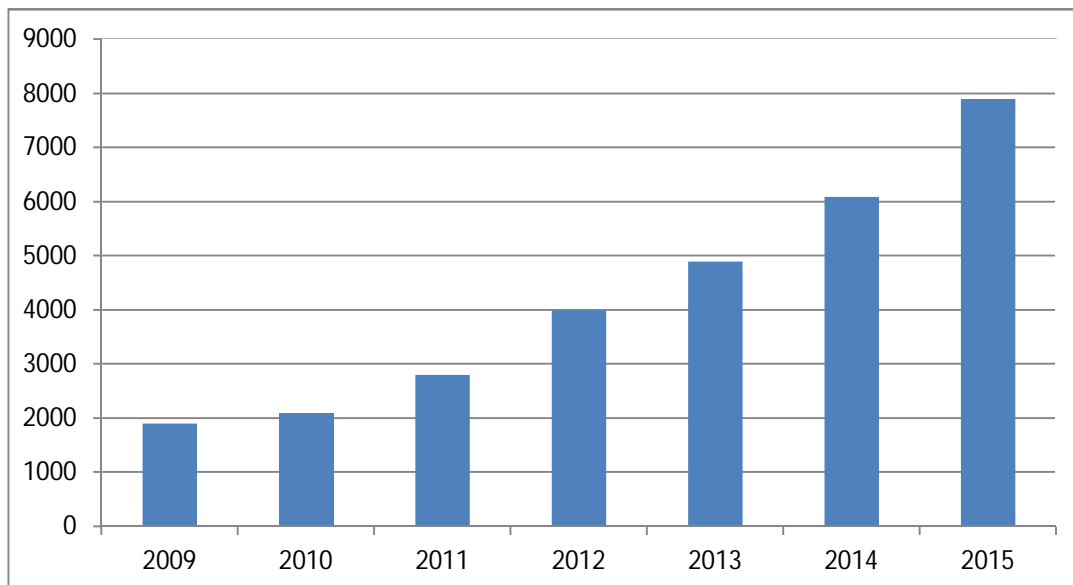


FIGURE 1. 2009-2015 Chinese Soft Drink Development Trends (TANG JIU News Markets Research Center.)

With the China's beverage development and maturing, not only the total beverage production grew rapidly. Also, product mix beverage market has changed tremendously. Before reform and opening up, soft drinks accounted for the majority of market share; it had become symbol with our drinks. After that, more and more the

variety of beverages increased and more and more the new beverage categories emerged, it has formed 11 categories, which include 48 small categories. According to 2014 statistics in beverage industry, carbonated drinks production accounted for 46%, bottled water accounted for 18%, vegetable juice drinks 11%, milk drinks accounted for 4%, plant protein drinks 2%, solid drinks accounted for 3.5%, tea and other beverages accounted for 15.5%. (TANG 2014.)

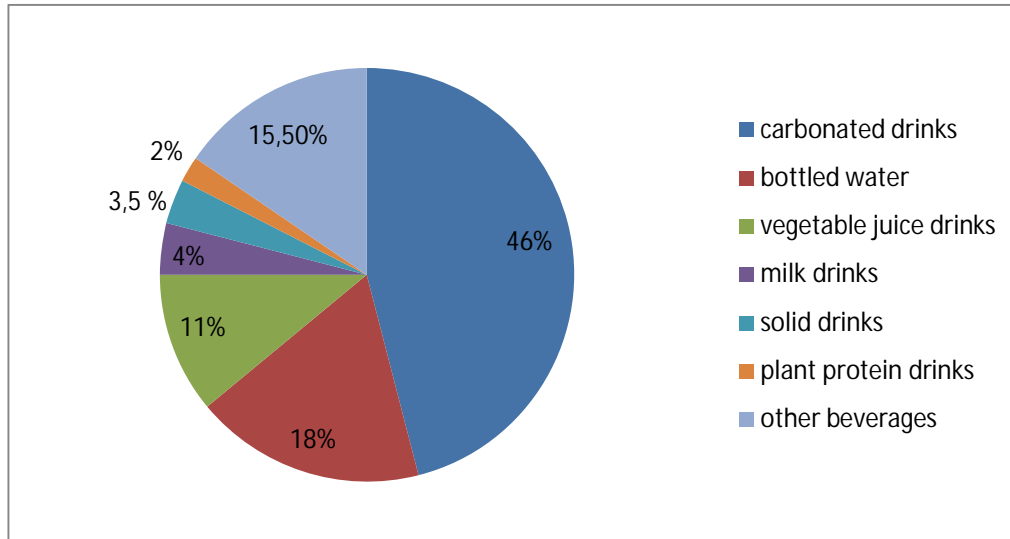


FIGURE 2. 2014 Chinese Soft Drink Market Structure (TANG JIU News Markets Research Center.)

As we can see in Figure 2, the carbonated drink was the leading products in Chinese soft drink market, which, in addition to bottled water and vegetable juice beverages, accounted for 75% in total share of the beverage market. These three kinds of beverages became flagship products. It was also the most brand and competitive products. Tea drinks became more and more popular that developed rapidly, and became a new growth point in the beverage industry. This was not only because of Master Kong, Wa Haha, Tong Yi brand with great success in the "ice tea", and Wong Lo Kat herbal teas having the rapid expansion of the brand in the national market. (TANG 2014.)

### 3.1 Policy Environment

With Chinese beverage market development, some of the original standards have been unable to regulate the new beverage production. Especially after the "Sanlu milk powder" incident, food safety has become one of the important issues for the government and society. In 2008, the policy was associated with the soft drink industry, where the quality safety issues were seriously focused. In aspects of policy formulation, it stimulated the governments publish sub-sectors industrial policy and quality safety standards related to soft drinks, and strengthened soft drinks definition and specification. December 1, 2008, "drink General" was implemented, that for the

first time divided the market beverages into carbonated drinks, fruit juice or vegetable juice drinks, protein drinks, bottled water, tea drinks, coffee drinks, vegetable drinks, flavored beverages, special purpose drinks, solid drinks, a total of 11 categories. This facilitated upgrades in soft drink industry chain and integration in resource in some extent; meanwhile, it caused industry market competition more intensely. (Luo 2010, 158.)

Because of excessive sugar and calories in traditional carbonated drinks, they are the key factor in obesity and affects human health, but fruit juice, tea drinks and other health drinks are popular for the people. Therefore, China's central and local governments supported health beverage production enterprises strongly, including JDB Group (Wong Lo Kat herbal tea company) and other 21 Guangdong herbal tea enterprises to become the beneficiaries. In May 2005, the Guangdong Provincial Department of Culture, Food Industry Association organized experts checked herbal tea recipe and history and culture carefully, and regarded herbal tea as "Guangdong Provincial Food heritage" consistently. In February 2006, the Guangdong Provincial Department of Culture, Government of the Hong Kong SAR Home Affairs Bureau, and Cultural Affairs Bureau of the Macao Special Administrative Region Government jointly declared herbal tea as the first "national intangible cultural heritage", In May 25, it was approved by the State Council that Herbal tea is a national intangible cultural heritage, which means it has recipe secret and its terms could not only get the protection from the State Cultural Relics Protection Law, and gained the protection from the United Nations' Convention on the Safeguarding of the Intangible Cultural Heritage " worldwide. These offered bigger opportunities for herbal tea market to get a huge place to develop, this was also a rare opportunity for Wong Lo Kat herbal tea to leading brand. (Luo 2010, 201.)

### 3.2 Competitive situation

Currently, from the industry competition point of view, China's beverage industry had an oligopoly. Carbonated drinks market competition increased rapidly, Coca-Cola and Pepsi-Cola is still the leader on the market; juice market has a successful change, but the traditional juice with three-piece cans reduced a lot, and as Hui, Glicheng the representative of paper packaging and PET packaging market share expanded rapidly, and became a main part in juice market gradually. (Beverages General 2015.)

Tea beverage market developed fast. On the one hand, the Glorious Sun Group of iced tea (theTongyi, Kangshifu, Wahaha) were replaced by the "ice green tea", "ice black tea", and "tea", on the other hand, the herbal tea companies went into national market from Guangdong as Wong Lo Kat herbal tea as representative and achieved great success finally, meanwhile herbal tea had a huge growth in sales and improved tea beverage position in soft drinks market. In recent years, many new herbal tea brands have been coming like Xiasangju, Pangaoshou, Baiyun Mountain, Shangqingyin and so on. The market competition has become more intense. The

mainbrand Wong Lo Kat herbal tea is facing competition in all aspects. (Beverages General 2015.)

Types	Brands
Carbonated drink	Coca-cola, Pepsi
Fruit and vegetable juice	HuiRMB, Guo Licheng, Nongfu, Kang Shifu, Tongyi
Packaged Drinking Water	Wa Haha, Kang Shifu, Nongfu
Tea	Wong Lo Kat, Kang Shifu, Tongyi, Wa Haha
Coffee drinks	Nestle coffee, Suntory, Qi lin.
Plant protein drinks	Coconut Trees, Lulu.
Special purpose drinks (Functional drinks)	Red Bull, Pulsating, Screaming, Gatorade.
Solid Beverage	Nestle, Weiwei.

TABLE 1. 2015 Chinese Soft Drink Market Competition Pattern (Beverages General)

### 3.3 Wong Lo Kat herbal tea in China

Chinese Herbal tea already had thousands of year's history. It accorded to a place's local climate, soil and water characteristics, which was named "Ling Nan". They used TCM theory as a guide during the long disease prevention and health care and as herbal as basic, finally made the beverage with detoxification and thirst. Herbal tea was the product after struggling with nature for a long time for a long time in Guangdong and Guangxi. The effect of herbal tea was to clear the lungs, moisten when hot weather and detoxification. Herbs could remove the toxins of body effectively, which was really improving human immunity, resisting bacterial and viral infections, soft skin and the balance of yin and yang. In addition to detoxification, the herbal tea could be dehumidified fluid, cleared fire, relieved congestion, eyesight, swelling, headache cure, red eyes, dizziness, and tinnitus, boils swollen drugs and hypertension. (Li 2014, 69.)

Obviously, the herbal tea became a "dark horse" because of long history, traditional culture acceptations and effectiveness, and strict inheritance. In 2012, the herbal tea sales reached 400 tons that is more than Coca-Cola sales in China. In 2013, the annual sales exceeded 500 million tons. In 2014 it reached 6,000,000 tons that is more than Coca-Cola sales twice. The sales range covered the whole China and more than 50 countries including USA, Canada, France, Britain, Italy, Germany, Australia, and New Zealand and so on. (Li 2014, 99.)

The **Wong Lo Kat** herbal tea, with red cans that are called "Remove heat", was also



their advertising slogan. In 2003, it sold from Guangdong to the whole country quickly. The success of Wong Lo Kat herbal tea led the entire market, next were the Guangdong traditional herbal tea companies, and some Guangzhou Pharmaceutical Group, and a number of FMCG companies followed it quickly. (Li 2014, 121.)

When the Wong Lo Kat went into the Chinese market, there were already hundreds of herbal tea brands. But because of the regional characteristics, the herbal tea just existed in southeast of China. So the slogan “Remove heat” created the good opportunity for Wong Lo Kat herbal tea to occupy a larger market. At the same time, the other herbal tea brands also found their own position in herbal tea market with differentiated market positioning. (Li 2014, 134.)

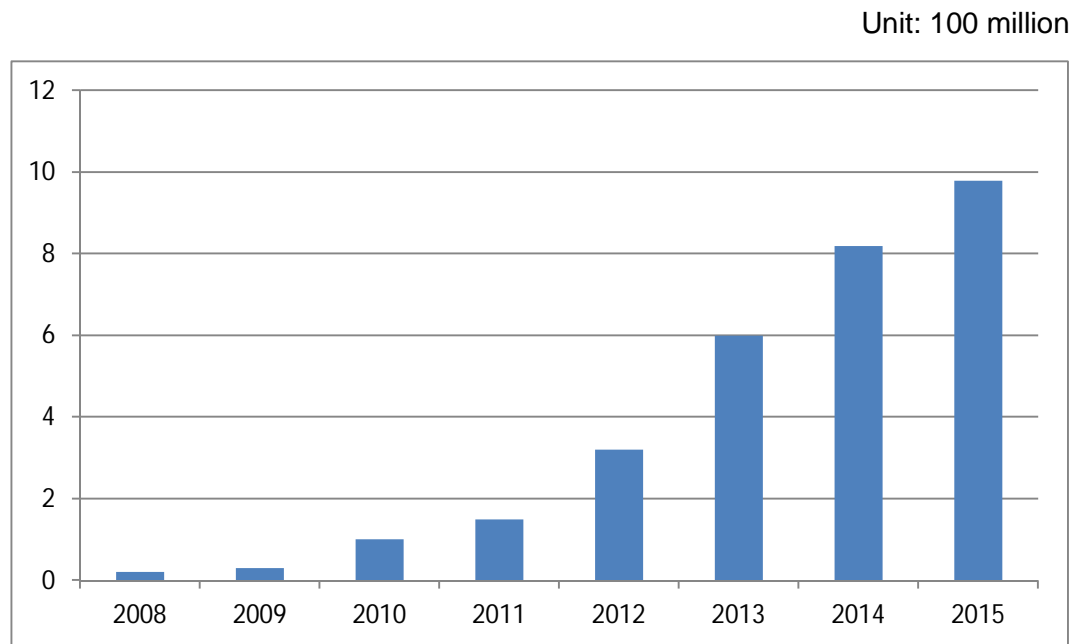


FIGURE 3. Wong Lo Kat sales growth trend (Guangzhou Pharmaceutical Company Limited Annual Report)

From the sales growth trend we can see that in 2008, 2009, and 2010 it was really low sales, but it improved a lot from 2011, and the trend was arising continuously. So in terms of Wong Lo Kat herbal tea, the market was growing and meanwhile Chinese herbal tea industry competition became fiercer.

Unit: 100 million

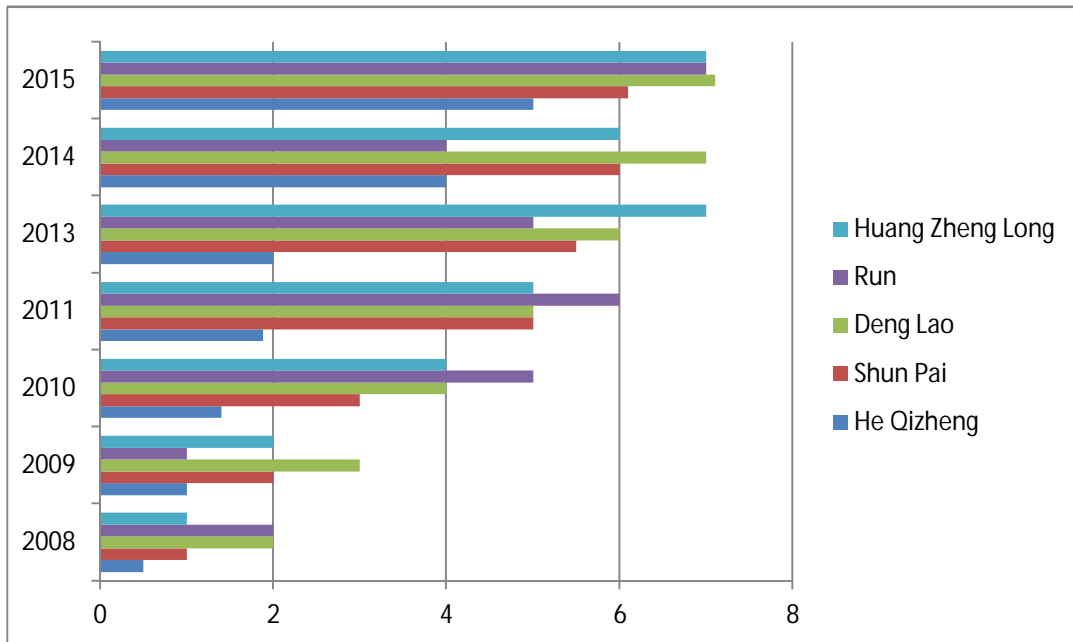


FIGURE 4. Other herbal tea sales growth trend (Commercial research Annual Report)

Figure 4 shows other herbal tea brand sales growth trend from 2008 to 2015. We can see that these tea brands also had fairly good sales, so how to improve their sales in the future is the key problems for them, and for Wong Lo Kat, how to set a unique location in the competitive market is also a significant subject.

#### 4 COMPARATIVE ANALYSES OF HERBAL TEA BRANDS POSITIONING

Nowadays, among the existing herbal tea brands, Wong Lo Kat herbal tea is the tea leader and occupies market share totally, so it belongs to the first grade brand. He QI ZHENG and SHUN have also gained good sales after they were put on market. They could belong to the second grade. The second grade also included DENG LAO and HUANG ZHENG LONG and some other herbal tea brands with store business. The third grade brand includes RUN, PAN GAO SHOU, XIA SANG JU, and BAI YUN SHAN and so on. These herbal tea brands are put in the fierce market competition by their differentiated location. Among them, the second grade brands were the best threat for the Wong LO Kat, but also the two most important competitive brands. So this chapter compares Wong Lo Kat's positioning of differences with other herbal tea brands and makes a system analysis. (Wong Lo Kat 2008.)

##### 4.1 HE QI ZHENG herbal tea



IMAGE 2. HE QI ZHENG Herbal Tea (Baidu.com)

Fujian Dali Company produced new herbal tea brand "HE QI ZHENG", which aimed at Wong LO Kat. And the first brand with the slogan "clear anger, raise vitality," In brand positioning the first function was "clear anger", the second is "Nourish your body because of staying up," and the purpose was to separate with WLK. Meanwhile, The HQZ also followed the WLK model; including product packaging color, style, capacity or size, texture of the material, which were all the same as WLK had. Moreover, 310 ml cans also gave consumers awareness of knowing the product. In price strategy, it used low-cost positioning strategy. In channel strategy, HQZ mainly used the Dali Company sellers. In advertising strategy, it used the same methods as WLK, the same media, from CCTV to local media, and followed the WLO closely. As long as local WLK appeared, HQZ was also there. (Tea Business 2013.)

## Positioning Differences between WLK and HQZ

HQZ was the first brand to invite famous star who celebrated tea brand, in order to establish basic positive brand awareness in consumers' mind quickly. It used a large scale of advertising campaign to promote the "clear anger, raising vitality". On the one hand, "raise vitality" was a new idea, which was different from Wong Lo Kat. In fact, Wong Lo Kat already had this concept by catching the life demands during brand communication campaign. For example, during "The World Cup", it attracted some people who were staying up watching, surfing Internet and working all night, under these typical consumers, Wong Lo Kat locked the key customer groups exactly in lifestyle. Therefore, consumers didn't agree that drinking WLK was harmful for their body. So HQZ's brand positioning not only was failed to make a difference with WLK but on the contrary, it consolidated Wong Lo Kat which was stronger. (Gui 2002, 15-17.)

HE QI ZHENG regarded himself as "Chinese herbal tea" in order to go beyond the Wong Lo Kat "Guangdong herbal tea" position, but in fact, WLK was the first Chinese herbal tea brand and it built a leading impression in the minds of customers by the powerful advertising and PR campaign. HQZ was too young to be compared with WLK, because WLK has 180 years' history. Moreover, its 180 years prescription is not worth to believe. (Gui 2002, 23.)

The differences between Wong Lo Kat and HE QI ZHENG were advertisement and price positioning, but Dali Company ignored to take some strategies under differentiated pricing in early publicity activities. It was generally based on followers' price for follow brand's price, and here were two common follow-up products pricing methods: the same price as the follow-up product and a little lower than the follow-up product prices. So the price of Wong Lo Kat herbal tea was 3.5 RMB, and HQZ was 2-2.5 RMB. The later as market followers was aimed to distinguish with WLK herbal tea in the product price. (Tea Business 2013.)

After two years marketing, HE QI ZHENG reflected and revised their follow-up strategy continuously. In 2008, HQZ changed brand strategy positively and adjusted the product positioning and packaging. Product positioning changed the previous "clear anger, raising vitality" to more fun with bottled" and changed the previous packaging cans to PET plastic bottles. According to market view, it gained some bottled market, and sales also increased. (Tea Marketing 2013.)

Wong Lo Kat herbal tea as first companies established, which occupied firmly the marketable first-line position. It was difficult for any other new similar product wanted to add into this market. HQZ confirmed the point by two years. But HQZ changed the product positioning and published bottled herbal tea; it was more likely to attract the second and third-line market consumers' attention. Therefore, HQZ needed to consider factors in the second and third line. (Wong Lo Kat 2008.)

## 4.2 SHUN PAI herbal tea



IMAGE 3. SHUN PAI Herbal Tea (Baidu.com)

In June 2008, RUI NIAN Company launched SHUN PAI herbal tea with Guangdong herbal tea brand. The RUI NIAN Company was mainly producing pharmaceuticals and senior nutrition, having experienced a century of practice. So they were a powerful combination and established a long-term strategic alliance. (Tea Business 2013.)

On the brand positioning, SHUN PAI put herbal tea brand positioning in "Smooth Culture." "Smooth heart, smooth body, and all smooth, China smooth!" From the slogan, SHUN PAI avoided lowering ministerial fire rather starting from the emotional point which attracted consumers. SHUN PAI Herbal Tea was trying to cater to Chinese smooth emotion, stimulate and meet the customers' emotional need. Psychological consumption and gift consumption has same high-value consumption. (Tea Business 2013.)

There were three different packaging on the product group: 310/ml iron cans, and 250/ml carton and 550/ml bottle. (Tea Business 2013.)

On the product price, SHUN PAI herbal tea took a follow-licensing strategy and different packaging had different pricing strategy. It wants to meet all kind of consumers' demand by different price. (Tea Marketing 2013.)

On the advertising strategy, SHUN PAI is similar with HQZ and following Wong Lo Kat herbal tea; it wants to use the celebrity effect to open the market quickly, so it invited a well-known actor as a Brand celebrity. (Tea Marketing 2013.)

## Positioning Differences between WLK and SHUN

On a business point of view, drinking herbal tea could remove anger and make feeling better, which is marketing strategies from outside to inside and from bottom to top target. This is the key factor to differentiated Wong Lo Kat herbal tea positioning. It is worth to recognize Shun herbal tea brand in the positioning difference, but the product design, channel strategy and marketing are divorced from brand positioning. (Tea Business 2013.)

On the product packaging, SHUN mainly used silver white color in brand herbal tea product packaging, but the first "Lucky" color in the minds of the Chinese people is red, not silver. (Tea Business 2013.)

On the channel strategy, SHUN wanted to launch herbal tea before the peak season, the summer sales market, so even the channel construction was not mature to carry out, it still made advertising campaigns. It was difficult to see the SHUN PAI brand when consumers wanted to try it from the sales terminal. After one year, this state still hasn't been improved; it was obviously lagging behind in the channel construction. It was not like Wong Lo Kat that used multiple channels. (Tea Business 2013.)

On the marketing strategy, SHUN was a herbal tea brand with emotion that regarded it as "smooth". It needed to show this feeling not only in the advertising, but more it needed to reveal it in "public relationships" deeply. Moreover, SHUN should focus on the public relationship in "heart", rather than straightforward style of "external" advertising. However, so far, consumers still just had only seen the Ge You (movie star) celebrated in "Shun" brand advertising, but they didn't see any one public relations activities about "Heart" aspects. Wong Lo Kat had been using actively in the public relationships and sponsoring a variety of activities, such as sponsoring education. (Tea Marketing 2013.)

Therefore, SHUN herbal tea brand should focus on the "SHUN culture" constantly, and turn the abstract concept of culture into the image that consumers could perceive. It should and build brand positioning on "shun culture", and built marketing mix strategy which are suitable for the SHUN. As long as it does all above, it would have a position in the market. (Tea Marketing 2013.)

#### 4.3 DENG LAO herbal tea



IMAGE 4. DENG LAO Herbal Tea (Baidu.com)

Deng Lao was established by The New South Company and Deng Tietao who came from Traditional Chinese Academy of Sciences. Deng Tietao was a tenured professor at Guangzhou University of Chinese Medicine and also a doctoral tutor. Their herbal tea could remove body virus and humidification, pathogenic fire and other effects. (Deng 2005, 89.)

On the product positioning, Wong Lo Kat herbal tea belonged into Guangdong, He QI ZHENG a definite Chinese herbal tea, Deng Lao herbal tea was reclassified and put forward as the "modern herbal tea," The new concept of modern herbal tea differentiated positioning, which used a new herbal teas in order to divide herbal teas into traditional and modern teas artificially and place other herbal tea into the traditional herbal tea. Then it was established a unique "Modern herbal tea" positioning for Deng Lao herbal tea. According to traditional Chinese medicine, Deng Lao paid more attention to the "four season's laws," and produced four different forms in order to meet the different needs for consumers in four seasons. (Tea Business 2013.)

On the product packaging, Deng Lao put dark green as herbal tea packaging tone and selected elegant gray as background. It paid more attention to match the size of the element, and use the running script "Chinese herbal tea Dao" by light color that made the whole package modern; it formed a sharp contrast in the visual expression with Wong Lo Kat red packaging. (Deng 2005, 124-126.)

In terms of price positioning, Deng Lao wanted to be in harmony with "modern herbal tea" product positioning and target market of white-collar workers, so it used the high price positioning strategy in the beginning. When it appeared on the market, the retail price was suggested at 10 RMB, which gaped away from other competition brand, such as Wong Lo Kat. Through some market research, when Deng Lao herbal tea

listed retail price at 5 RMB eventually, Deng Lao herbal tea retail price dropped to 4 RMB. (Deng 2005, 243.)

On the channel strategy, Deng Lao herbal tea expanded from Guangdong to the whole country gradually and promoted focus on some key areas, such as Guangdong, Guangxi, Hainan, Fujian and southern markets. In these areas, Deng Lao herbal tea used a two-pronged approach for herbal tea chain and distribution channels to operate marketing. In addition, it took advantage of Chain Drug Stores to go into the pharmacy directly, which formed the channel differentiation. In the distribution channels, in addition to conventional supermarkets, convenience stores and other channels, the hotels and airports also have Deng Lao herbal tea. Deng Lao herbal tea also developed community channels with well-known real estate developers; they attracted the high-end consumer groups. The high-end health museum and health stations were also listed in plan. (Deng 2005, 289.)

On the advertising strategy, Deng Lao used "keep health, drink feeling" as the herbal tea advertising claims, and used the canned product packaging for the screen image directly. In terms of television advertising, it made eight action and drawing animation features with a line to show the product. It was aimed to show "herbal tea Road". (Deng 2005, 345.)

#### Positioning Differences between WLK and DENG LAO

On the brand positioning, Deng Lao herbal tea chose a position "Modern herbal tea", "a new generation herbal tea". Obviously, the brand positioning was positioned to have a difference well, but in the dissemination, Deng Lao made binary demands from the material and spiritual dimensions, spread the "keep health" and "Chinese herbal tea road" information to consumers, so that consumers didn't know what to do instead. Moreover, Deng Lao herbal tea's name was similar to the brand Wong Lo Kat, even the name was suitable for the traditional Chinese herbal tea style, but because of this, it left the real meanings in marketing concept. The "Deng Lao herbal tea" was difficult to see as a representative of the "modern herbal tea". (Tea Marketing 2013.)

On the product price, Deng Lao herbal tea began with a high price strategy, but it did not have a reasonable and stable prices. At first retail price was set at 10 RMB, the target consumer groups was locked directly with white-collar workers who were high level consumption in market. And from decreased by 5 RMB to the current price at 4 RMB, with the adjustment of the price, consumers will be suspicious of sales product, and then doubt the product function. It was not like Wong Lo Kat to maintain stable prices relatively. (Tea Business 2013.)

On the channel strategy, Deng Lao being in the canned market, it opened up herbal tea chain channels which had approach to medicine store. But Wong Lo Kat made the promotion through the canned products, which broke away from traditional herbal tea



operation system. It renewed the beverages, so that consumers believe that herbal tea is the new trend of drinks. While Deng Lao herbal tea took canned market and pharmacy channels, it resulted unified strategic direction. There was no way to concentrated resources, but it was easier to create confusion for consumers that the Deng Lao was a beverage drink and also a drug in the end. (Tea Business 2013.)

Therefore, Deng Lao herbal tea should find out a valid position from the Wong Lo Kat herbal tea weaknesses, and proposed a clear and simple positioning and unified strategic direction and concentrate resources in order to enter the customer is successful mind on the product brand positioning. (Tea Business 2013.)

#### 4.4 RUN herbal tea



IMAGE 5. RUN Herbal Tea (Baidu.com)

In July 2007, Hong Kong RUN Company established Tung Shang Food Co Ltd in Shenzhen and had a sponsorship in Hunan TV show "Dancing", and also invited former CCTV sports show host to celebrate the tea. Of course, it wanted to occupy bigger herbal tea market. (Tea Business 2013.)

On the brand positioning, RUN extended loquat cream functional orientation, which had a purpose to "moisten throat?" The advertisement said: "People thought I was crazy, in fact, I've lost my voice, and my voice needs moisture." It combined the spokesman's memory point and positioned products effectively together. (Tea Business 2013.)

On the target market positioning, RUN located their target consumers in a relatively wide range of groups: ages between 18-50 years, health groups who are met in the business frequently, youth groups who have long-term stay up all night, unhealthy group who use alcohol and tobacco and so on. (Tea Marketing 2013.)

On the taste of the product, for the sake of stressing the difference, RUN divided product into two flavors: one "fresh" taste, include mint, other one for the "pure" taste, loquat, which meets different regions taste demand. On the product packaging, RUN designed a fresh taste in green that gives consumers a natural green guide, and the taste pure was designed in red. (Tea Marketing 2013.)

On the pricing strategy, RUN beverages adopted high price strategy. The price was 4 RMB higher than the same kind of herbal tea. Moreover, from the ex-factory price to end retail price, they were both 10% higher than other similar products like, Wong Lo Kat. (Tea Business 2013.)

On the RUN channel strategy, KA was mainly as brand image, food and beverage service as sales. For KA stores, RUN selected the largest and most popular local store for promotions first, and then aimed at chain and local supermarkets. For food channel, RUN made cooperation with the most powerful local beer and wine distribution, relying on the customer's relationship network. It entered into the market fastest and cheapest so that sales and marketing activities could be carried out easily. In terms of food terminal selection, RUN analyzed and summarized from grade, category and product capacities. Firstly, took the position at the big sales of competition stores, then chosen a high consumption of herbal tea production in hot pot, next point was the shop of high scale and grade. Moreover, for nightclubs, RUN focused more on select the terminal of club that was divided into business club, shaking club, bars and KTV from the consumption forms. (Tea Business 2013.)

#### Positioning Differences between WLK and RUN

RUN drinks have been emphasizing the difference, so it created the new term "herb drink". The purpose was to distinguish from Wong Lo Kat herbal teas. But the products packaging, appearance, capacity, or product taste and ingredients, all gave consumer awareness of herbal tea first. From the function, "moisture throat and lungs" was extending from loquat. However it certainly pulled herbal tea into a medicine drink industry from the beverage industry. (Tea Business 2013.)

On the products pricing, RUN drinks were priced 4 RMB that was more than Wong Lo Kat as a leading brand. It was trying to give consumers feeling that RUN drinks were more effective. But in the minds of consumers, Wong Lo Kat has "remove fire" effect. If they were really feeling bad, they would choose medicine rather than a beverage. (Tea Business 2013.)

On the advertising strategy, RUN advertising appealed "My voice needs to RUN." It expressed a lifestyle intentionally. However advertising was not close with functional demands, so it was difficult to stimulate consumers buying demand and occupy the corresponding position in the minds of consumers. It was not like Wong Lo Kat that used a simple word. RUN advertising delivery was too massive. And market launch

stage was not planned; there were no specific market and consumer groups. (Tea Business 2013.)

On the channel strategy, Run ignored a popular place where consumers can sing in it. It is a very clear consumer demand, but RUN haven't seize it. In terms of other channels, RUN beverage according to the characteristics of the market in many cities, which displayed shops and cafes. But it was failed to analyze and promotions systematically. (Tea Business 2013.)

#### 4.5 Some other herbal tea brands

Except herbal teas introduced, here is also had two brands which were popular for consumers. In 1996, Huang Zhenglong's generations established HUANG ZHENG LONG Company in Guang Zhou, and the company published the herbal tea in the same year. It adopted "Chain herbal tea" brand positioning, which means it used different sales channels to promote. And the packaging also used cans, which could store longer time. The price was lower than the other herbal tea brands.

In June 30, 2010, PAN herbal tea was published in the market. Subsequently, PAN adjusted product positioning and sought different brand selling points. PAN concentrated on herbal tea product taste, and segmented herbal tea market, and achieved a unique position with similar products.

Here is a table about comparison of Chinese herbal tea brand positioning.

Brands	Positioning	Packaging	Price	Advertising
WONG LO KAT	"Prevent heat"	Red iron cans 310 ml Green carton 250 ml	3.3-3.5 RMB 1.9-2.1 RMB	Scene advertising
HE QI ZHENG	" Remove heat"	Red iron cans 310 ml plastic bottle 600 ml	2 RMB 3 RMB	Star Advertisement
SHUN PAI	"moisture Culture"	Iron cans 310 ml carton 250 ml plastic bottle 550 ml	3.5 RMB 2 RMB 3.8 RMB	Star Advertisement
DENG LAO	"keep Health"	gray iron cans 310 ml	4 RMB	Animated Advertisement
RUN	"Moisture voice"	"Fresh" green tank 310 ml red cans 310 ml	3.9-4.3 RMB	Star Advertisement
HUANG ZHENG LONG	"Chain herbal tea"	Cup Bottled	3 RMB 4 RMB	NO

TABLE 2. Chinese herbal tea brand positioning comparison (Herbal Tea Commercial Marketing 2014)

## 5 WONG LO KAT HERBAL TEA POSITIONING STRATEGY ANALYSIS

According to the beverage industry environmental and herbal tea brand competition analysis, Wong Lo Kat herbal tea was not only the representative of Chinese herbal tea brand, and gained the title of "Chinese first drink", which was benefit from the success of positioning and a reasonable arrangements for the marketing mix. Why Wong LO Kat is able to achieve such success? Why the other herbal tea brand cannot go beyond Wong Lo Kat? The answer requires studying Wong LO Kat and how to use positioning theory to build a strong brand. This chapter analyzes the Wong Lo Kat herbal tea brand and how to do brand positioning as representatives, and analysis positioning SWOT, how to arrange and organize marketing mix, and finally promote position in practice. Meanwhile, in order to analysis it better, I also study and analysis the research cases.

### 5.1 Introduction WONG LO KAT

Wong Lo Kat herbal tea, founded in Qing Dynasty (1828), has nearly two hundred years history, and it is recognized as the ancestor of herbal teas. It was formulated by an herbal plant, and it was regarded as the "king of herbal tea". Meanwhile, of many herbal teas, Wong Lo Kat was the most famous. (Baidu 2015.)

For red cans of Wong Lo Kat herbal tea, the graphics of cans was similar with the text layout. Below is the picture of a WLK can.



IMAGE 6. Wong Lo Kat (Baidu.com)

Wong Lo Kat was not only first in satisfaction, brand image, perceived quality, and safety confidence but was also recognized by the various regions' consumers in the country. Wong Lo Kat won the first honor in the whole industry. It became the most satisfied tea beverage brands. This represented that consumers took the full range of recognition in Wong Lo Kat, which demonstrated the Wong Lo Kat herbal tea

leadership position in beverage industry. (Baidu 2015)

In 2013, Wong Lo Kat won awards in many areas. In addition, WLK has been trying new marketing approach constantly and gained five marketing class awards in 2013 finally. (Baidu 2015.)

## 5.2 SWOT Analysis

### Strength

Herbal tea was a kind of "herbal tea" in Guangdong, Guangxi province, which has effect on clearing heat removing dampness. In many traditional herbal teas, the Wong Lo Kat was the most famous brand. Wong Lo Kat herbal tea was invented in the Qing Dynasty, which has existed 175 years and was regarded as the "king of herbal tea. Nowadays, Wong Lo Kat herbal tea spread all over the world through more and more Chinese. From the beginning of the 19th century, Wong Lo Kat not only had a profound impact in southern herbal teas but their footprints were extended to the overseas. Wong Lo Kat brothers and later generations opened Wong Lo Kat herbal tea shop branch in Hong Kong and Australia. Furthermore, Wong Lo Kat herbal tea recipe and herbs were also exported to Southeast Asia, Australia, Europe and the United States. (Deng 2005, 259.)

At the end of 2002, Wong Lo Kat Company changed a new market positioning that called as "prevention heat drink." Wong Lo Kat has 175 years of history and mysterious herbal receipt, so it had the ability to establish the leading positioning. The brand positioning allowed consumers to enjoy life to eat fried, spicy food, to barbecue, to watch football all long night and so on. (Hou 2007, 190.)

The main benefits of this kind of positioning were: Firstly, it is good for WLK to go out of Guang Dong and Zhe Nan province. Secondly, it avoids having competition with domestic and foreign beverage giants directly, which is conducive to form a unique brand; thirdly, it is a successful method for WLK products to turn disadvantage into advantage. Finally, it was beneficial for cooperation between domestic enterprises Wong Lo Kat and Jia Duo Bao Company. (Wong Lo Kat 2015.)

### Weakness

The consumer who comes from areas of Guangdong and southern Zhejiang has confusion about the red cans of Wong Lo Kat. In Guangdong, the traditional herbal tea (such as granule, self-control, and herbal tea store controlled.) is used as "drug" due to the significant effect of "remove heat", so consumers always thought that they didn't need to drink a lot. And "Wong Lo Kat" was another name for herbal tea that has hundreds years of history. Therefore, the sales of red cans of Wong Lo Kat brand

were affected by brand name, because the people couldn't accept it as a regular drink beverage. (Drink Life 2004.)

In another aspect, the production receipt of red Wong Lo Kat came from Hong Kong Wang descendants, which were approved by the State Food. Its smell, color, and packaging all have a big difference from traditional herbal tea consumption, and taste was sweeter. According to Chinese traditional culture, consumers would feel that the function was not enough. So when the consumer wants to remove heat, it would be better for them to buy herbal tea from a store or make it by themselves in home. So for consumers, it was not a good choice to consider it just as "effectiveness" of herbal tea. (Drink Life 2004.)

In Guangdong area, red Wong Lo Kat herbal tea was herbal tea ancestor. Even though it had a beverage image, consumers feel that it seems to be an herbal tea but sometimes seems to a normal drink", it was easy to go into the cognitive confusion. (Drink Life 2004.)

In another sales area, Zhe Nan, main in Wenzhou, Tai Zhou and Li shui, red cans of Wong Lo Kat were mentioned in the same breath with brand of Wang zai and Kang Shi Fu. Furthermore, there were many Chinese local people outside of other province, so the red cans of Wong Lo Kat became the local best-selling products quickly. But meanwhile, enterprises also worried about red can Wong Lo Kat may become a short-time trend drink, it would be replaced by a new product soon and would disappear in one night. (Drink Life 2004.)

Red cans of Wong Lo Kat cannot get out of Guangdong, Zhe Nan, because in outside of Guangdong and Guangxi, people have no concept of herbal tea, and even an idea appeared in the survey that "herbal tea is cool water", "We didn't drink cold tea, bubble tea". Obviously, the cost of spread herbal tea concept was so amazing high. Moreover, mainland consumers were more willing to buy drugs to remove heat instead of selecting herbal tea. (Baidu 2015.)

Wong Lo Kat is afraid that the sales will be limited by the concept of herbal tea promoting, but as "drinks", they didn't find a suitable segment, therefore, in the advertising, the promotion is ambiguous. (Baidu 2015.)

Accurately, Wong Lo Kat tasted like Chinese medicine, so it was really a big obstacle for these consumers who have a taste-oriented drink demand. (Baidu 2015.)

Finally, the high price of 3.5 RMB was also difficult to be accepted by consumers. (Baidu 2015.)

## Opportunity

Chinese domestic herbal tea market was immature when the Wong Lo Kat herbal tea the encountered market in China, even there were also some tea drinks on the market, which were main green tea. So there are many market gaps for Wong Lo Kat to find. (China Tea business 2015.)

In China, "Remove heat" was a universal concept of traditional Chinese medicine in the whole country; Chinese people have awareness of removing heat. The effect of Wong Lo Kat was meeting the traditional Chinese medicine demand. It was helpful for WLK to go out Guangdong, southern Zhejiang and occupy the country. (China Tea business 2015.)

## Threat

There were many beverage giants in the domestic and foreign markets. Looking at the entire beverage industry, Coca-Cola, Pepsi-Cola and some tea drink companies were difficult to shake off from the market leading position. (China Marketing 2006.)

In China, especially in the South, the people were used to drink herbal tea in the morning. Therefore, they should distinguish Wong Lo Kat herbal tea with other tea drinks, and let them know that Wong Lo Kat herbal tea's advantages. (China Marketing 2006.)

Many consumers thought the herbal tea to have the same role than drugs in removing heat even lower than medicine. (China Marketing 2006.)

In many places, people have no awareness of herbal teas. It will cost a lot of money to advertise the herbal tea. (China Marketing 2006.)

## Summary of SWOT analysis

<p style="text-align: center;"><b>Strengths</b></p> <ul style="list-style-type: none"> <li>- Remove heat</li> <li>- Long history (persuasiveness)</li> <li>- Unique positioning</li> </ul>	<p style="text-align: center;"><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>- Confused positioning concept</li> <li>- Low effectiveness</li> <li>- Taste bad</li> <li>- High price</li> </ul>
<p style="text-align: center;"><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- Potential market</li> <li>- Traditional Chinese awareness</li> </ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>- Competitive market</li> <li>- Too much herbal tea brands</li> <li>- Function drink threat</li> <li>- Advertising costs too much</li> </ul>

## 5.3 Marketing mix

### 5.3.1 Product

Product strategy includes product assortment and packaging. Product strategy needs to be consistent with the brand positioning, so that brand positioning can be recognized by consumers. Wong Lo Kat was repositioned as "remove heat drink," that comes from the consumer awareness of Wong Lo Kat herbal tea cognition; therefore, Wong Lo Kat maintained a consistent style on product strategy. (Wong Lo Kat 2015.)

#### Product assortment

In terms of product assortment, the WLK Company adopted a single product strategy. The Wong Lo Kat Company only launched 310 ml cans of red "Wong Lo Kat" herbal tea, which was the only market product. Comparing with Coca-Cola and other brands that have many kind of products, the WLK was becoming simple and single. Wong Lo Kat Company tried their best to make herbal tea become unique, rather than extending a brand to do everything. (Wong Lo Kat 2015.)

For a brand, there are many different forms and services, which call for different items. Positioning theory thinks that if the brand has distinctive, unique and unforgettable representative items, it will be conducive to enter the customer mind and take priority selection when the customer demands. Red cans of Wong Lo Kat abandoned many kind of items and big packaging and rather used the single product strategy, despite it was the risk of missing potential customers, but it could concentrate on this items creating and entered customer's mind quickly. Wong Lo Kat launched 310 ml canned herbal tea that has become the representative of herbal tea. (Wong Lo Kat 2015.)

#### Product packaging

Packaging is combination of the color, shape and material. Color is the first image for goods to communicate with consumers, and in consumers' shopping psychology, color psychology occupies an important position. During the process of commodity, the commodity should have an artistic power. Chinese herbal tea was a derivative of traditional Chinese culture and Ling Nan culture, and therefore, the Wong Lo Kat adopted Chinese traditional primary colors red and yellow for packaging, red is a brand identity, which also aimed to established representative color in consumer hearts, so that people is first conscious thought is red when herbal tea is mentioned. (Fu 2013, 88.)

In shape of a product, Wong Lo Kat used "cans" that have been accepted by consumers. From a point of marketing, this quaint Wong Lo Kat product packaging conveyed a real "remove heat" feeling, which was a first visual language that WLK



wanted to convey to consumers. Wong Lo Kat is not fresh and delicious Coca-cola, but a herbal tea that removes heat and moisture, used by the target consumers who need to be able to remove heat. (Fu 2013, 147.)

### 5.3.2 Price

Prices reflect the unique value of the brand to a certain extent. Brand positioning builds the unique image in the minds of consumers, so the price setting and adjustments must adapt brand positioning, and brand positioning shows brand's unique value through price. (Kolter 2013, 215.)

#### High price

Consumers judge generally a new category of product through price. Since Wong Lo Kat was presented in front of consumers as a new product, the high prices will let the customer pay more attention to WLK and grab this target group. (Wong Lo Kat 2015.)

The 310 ml Wong Lo Kat canned beverages retail price is 3.5 RMB per a can, which is 75% higher than mainstream beverage cans such as cola. This established the image of the high-end beverage and kept a high identification of customers alive. (Wong Lo Kat 2015.)

The high price reflects the high quality. Traditional way of consumer thinking is "cheaper are not good goods, better goods are not cheap." Wong Lo Kat is an herbal drink. If the price is lower than the common drink, it will lead to consumer suspicion. So Wong Lo Kat insists on high prices in order to give consumers suggestions that there is a quality guarantee of buying Wong Lo Kat. (Wong Lo Kat 2015.)

#### Long-term stable price

A reliable brand should be able to keep the price stable for a long time. Wong Lo Kat has had no big price adjustment in ten years. It will give consumers a sense that the quality of Wong Lo Kat is stable and target consumer groups are also stable. On the contrary, the frequent price change not only would cause consumers to suspect the brand quality, but also hurt the relationship with consumers. (Commercial research 2007.)

Wong Lo Kat kept consistent style when it faced fierce price war. In addition to special promotions, the price of red tank Wong Lo Kat is little less than 3.5 RMB. If the price war is too tragic and price convergence will lead to product homogeneity, it is difficult to meet consumers' needs. Wong Lo Kat herbal tea is the leading brand which has "remove heat" marketing positioning. If it also joins into a price war and drops prices lower than mainstream carbonated beverage prices, it is difficult for consumers to convince themselves it "removes heat". (Commercial research 2007.)

### 5.3.3 Place

Channel is a passage that is connecting businesses and consumers. The company's products or services are delivered to the consumer through channels. Distribution channels are methods to achieve positioning, but also a reflection of position. Positioning needs to match with appropriate distribution network and unique sales channels, which can play the effect. In terms of distribution channels building, Wong Lo Kat herbal tea had tight positioning. It used modern channels to establish brand image, used the usual channels to broaden the market, used food and beverage management channels to enhance brand value and used special channel to seek a breakthrough. (Ries 1974, 32-25.)

#### Modern channels

Modern channels include hypermarkets and supermarkets, and among them, the most warehouse-style supermarkets are dependent on large business groups which have comprehensive brand influence and convincing financial credit. In general, modern channel has the high level of marketing management and modern automation office, it also implements centralization and computerized management, and all branches unified procurement, distribution and billing. According to the powerful financial strength and leverage, the modern channel raises eyebrows with huge product manufacturers and sales. In addition, this kind of large shopping malls and supermarkets often have high centralized traffic, which will form a free advertising, and increase brand awareness. Because of this, the more and more businesses pay more attention to modern channel. (Commercial research 2007.)

In order to obtain market recognition, opening modern channels becomes the best choice for red cans of Wong Lo Kat, which mainly took the modern channel to market products directly supplied by local dealers and put the products into to large supermarkets and, hypermarkets directly. (Wong Lo Kat 2015.)

In order to innovate in the products display, Wong Lo Kat had competition at internal and external enterprise. In terms of internal competition, Wong Lo Kat Market held two "innovation competition successfully in 2013 and 2014 in the country office in order to encourage store personnel to improve store image and attract the attention of consumers; in terms of external competition, in order to achieve better sales than competitors, it always seized the favorable areas, and then expanded the overall competition. In each major supermarket, we must have set up a number of displays. (Wong Lo Kat 2015.)

For the purpose of creating a bestseller situation, Wong Lo Kat ensured the products must be up to date in every KA store. After local dealer received new goods, they would change the old products, which always give a consumer's fresh feeling. (Wong Lo Kat 2015.)

### Conventional channels

The member of Wong Lo Kat conventional channels are distributors, wholesalers, postmen and numerous shops. Wong Lo Kat covered the shops, restaurants, and other special communication terminal stores by dividing area and sub-channels, which formed a complete sales network. (Wong Lo Kat 2015.)

Wong Lo Kat set up a total dealer in each province who can develop multiple dealers, the postman. The biggest characteristic of WLK distribution was to assure the high profits in each distribution chain, thereby stimulated the enthusiasm of dealers. Wong Lo Kat gave task for provincial sellers generally about 30 million RMB/ year, regional distributors generally around 300 million/ year, which can make sure dealers get 5 RMB/ box of profits, the postman gets 4 RMB/ box of profits, retailers get 0.5 RMB/ branch profits. (Marketing Management Magazine 2014.)

Ex-factory price	Dealer profits	Wholesale Price	Postman's profit	Terminal price	Retail profit	Retail price
68 RMB/ box	5 RMB/ box above	70 RMB/ box	4 RMB/ box	72 RMB/ box	0.5 RMB/ bottle	3.5 RMB/ bottle

TABLE 3. Wong Lo Kat Distribution price (Marketing Management Magazine 2014)

### Dining channels

Wong Lo Kat concentrated on "Remove heat" market positioning. It chose Hunan, Sichuan and hot pot shops as Wong Lo Kat cooperation shops, invested funds to public promotion activities, and used these shops for advertising the brand, with designed and manufactured electronic displays, red lanterns and other free promotional gifts, so that consumers enjoy Wong Lo Kat, who can help us to promote function and train the target consumer at the same time. (Dong 2006, 91-94.)

Wong Lo Kat is not limited to traditional catering, and so it cooperated with KFC. Because eating fried foods is easy to get heat. When you drink Wong Lo Kat you can remove the heat. In turn, Wong Lo Kat helped KFC to open a new marketing channel. Currently, Wong Lo Kat herbal tea has sold in Guangdong, Guangxi, Fujian, Kentucky Fried Chicken restaurant, and spread to KFC stores in the whole country. (Dong 2006, 105.)

### Special channels

Along with intensified competition, the modern channels was faced with two problems, firstly, the development expenses were higher. The display fees in shopping malls,

supermarkets were increased every year. The second was the effect was getting worse. More and more brands used all kinds of promotional activities in supermarkets, which let consumers have aesthetic fatigue, and there were many enterprises squeezing each other on price which resulted the profit to decline. More and more traditional channel drawbacks made manufacturers to re-examine the special distribution channel. (Lee 1979, 12-14.)

In the beverage industry, more and more businesses focused on traffic channels, entertainment channels, sports channels and Internet channels and so on. Wong Lo Kat special channels are mainly evening shows and Internet cafes. The evening show used promotional slogan "Buy 1 beer Get 2 Wong Lo Kat". In addition, Wong Lo Kat began tried to add in wine, become part of the popular whiskey drinking. Internet channels were giving display fees, and provided sample products, provided ice buckets, they also engaged in marketing public relationships, and other activities. (Commercial research 2013.)

#### 5.3.4 Promotion

The purpose of the promotion is marketing brand's unique information, and the key of the unique information is the key of brand positioning, so that marketing strategy needs to start from brand positioning, and spread special brand value during the marketing process. Wong Lo Kat promotion strategy is using all kinds of advertising forms, promotions and public relationships activities to strengthen the "Remove heat" brand positioning. (Kotler 2013, 89.)

#### Advertising

**Advertising money:** In 2002, when Wong Lo Kat herbal tea renewed brand positioning, the company invested 10 million RMB immediately in "Remove heat" advertising. In 2003, advertising budget was added to the 40 million RMB and increased to one million in 2004. There were more than 1 million in 2005 also. It was especially true that the advertising investment increased quickly in 2006 during the World Cu. The annual advertising costs were more than two millions. In 2007, the Wong Lo Kat Company spent another 420 million RMB on bidding CCTV 2008 Beijing Olympic primetime advertising. It was not only to make a good foundation quickly for national market, but it was also conducive to consolidating the status in minds of consumers. (Wen 2006, 32.)

**High-end media advertising:** after Wong Lo Kat was repositioned as "Remove heat drink", it wanted to enter consumers' mind and occupy consumers' resources in short time, it was necessary to choose an appropriate advertising platform. In many Chinese television media, CCTV was the most influential whether concerning authority or audience rating, therefore, Wong Lo Kat needed to use CCTV to public. (Wen 2006, 38.)

**Recessive advertising:** the Wong Lo Kat Company and Chinese television center invested 12 million RMB to make a drama, and broadcasted on CCTV and some local channels, which received very good brand publicity. This was an effective hidden way of advertising.( Wen 2006, 54.)

Promotion activities

Wong Lo Kat adopted a variety of promotional methods. On the one hand, it could encourage customers to do purchases that increased sales volume. On the other hand, it could attract more new customers which seized market share with other competitors.

**National theme and holiday promotions:** such as in the spring festival and summer holidays, festival promotion and holiday gifts were given. (China marketing 2006.)

**Sponsorship sports events:** In nowadays society, the sports have become an important part in human life. Whether it was intense professional game, or ordinary recreational sports, there was growing influence on society. With the sports market expansion, the different sports market competition is more and more intensive. During the World Cup, Wong Lo Kat carried out promotion activities, the event was regarded as the top ten activities by China Brand Research Institute. After that, Wong Lo Kat cooperated with Xiamen International Marathon. With these influential international events, Wong Lo Kat would position "Remove heat" in the customer's mind firmly. (Commercial research 2013.)

As we all know, 2008 Beijing Olympic Games was really a big sports event, so it was good opportunity for many domestic enterprises. There was no doubt that Wong Lo Kat Company made a date with State Sports General Administration again and it made a dramatic leap. (Cheng 2008, 23.)

**Cooperate with "Sichuan Food Festival."** The first "Sichuan Food Festival" was the largest Sichuan food culture promotion activities, which was organized in Guangzhou, Shenzhen, Beijing, Shanghai, Hangzhou, Wuhan and other eight cities, Wong Lo Kat Company took full advantage of this opportunity to join the activities with Sichuan government as well as mainstream newspapers in December 2013 to December 2014. Promotional theme was consistent with the brand positioning. And it was the key to use promotional activities to implement brand strategy. (Commercial research 2013.)

**Other promotions:** Wong Lo Kat also often held some pop promotion activities, such as free tastings, shopping mall gifts, wedding gifts and sales prizes activities and so on. Such promotions, achieved marketing aims and supported Wong Lo Kat "Remove heat" brand positioning. (Commercial research 2013.)

## Public relationship

Marketing needs to make public relationship first. As long as you adopt public relationship, you can take consumers' attention. Marketing began with public relationships. In turn, public relationships are extended marketing. Wong Lo Kat Company uses social public relations actively, sponsors several social welfare activities, which have been highly recognized by the government, society and have consumers, and established a good brand image. (WLK website.)

**Sponsor education.** There was always a sense of responsibility and mission for Wong Lo Kat in marketing. In 2007, the Wong Lo Kat Company invested 53,000 RMB to Wenzhou college entrance examination champion, and funded 11 poor students to enter the university successfully. This was the first year that Wong Lo Kat Company started building "Wong Lo Kat · students emotion" donation platforms. Until 2014, "Wong Lo Kat · students emotion" had helped more than 1,000 poor students to enter college successfully. It crossed all 14 provinces and 53 cities. In 2016, "Wong Lo Kat · students emotion" will cover 22 provinces and fund will more than 5 million RMB. Figure 9 and figure 10 below is the number of students Wong Lo Kat Company funded and the funding amounts respectively from 2007 to 2015. (WLK website.)

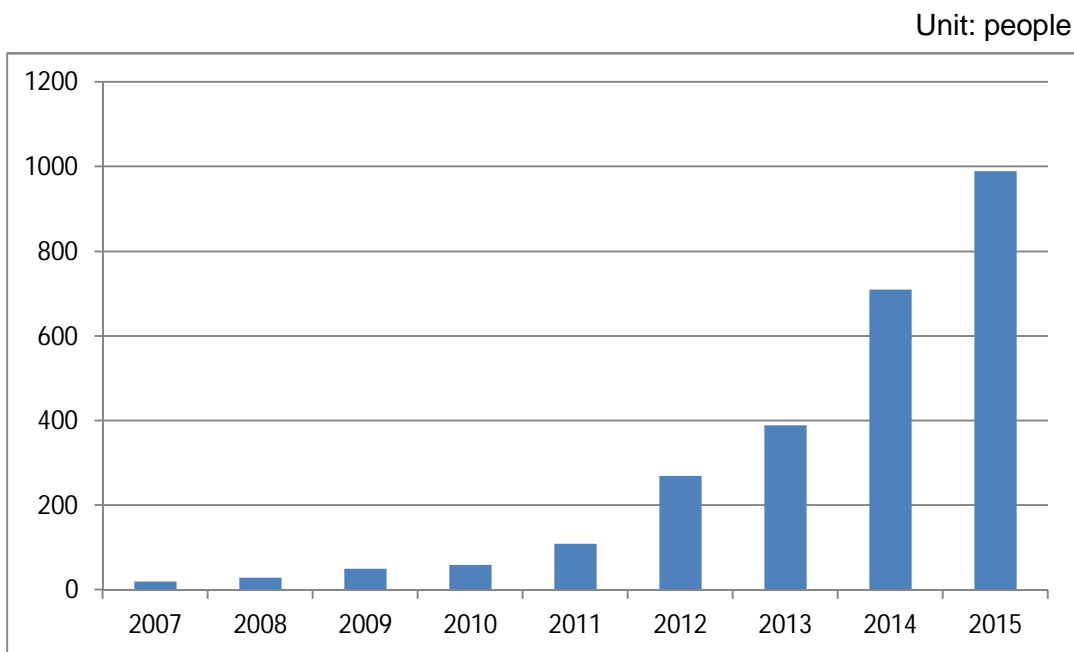


FIGURE 5. "Wong Lo Kat · students emotion" funded student numbers (WLK website)

Unit: Ten thousand

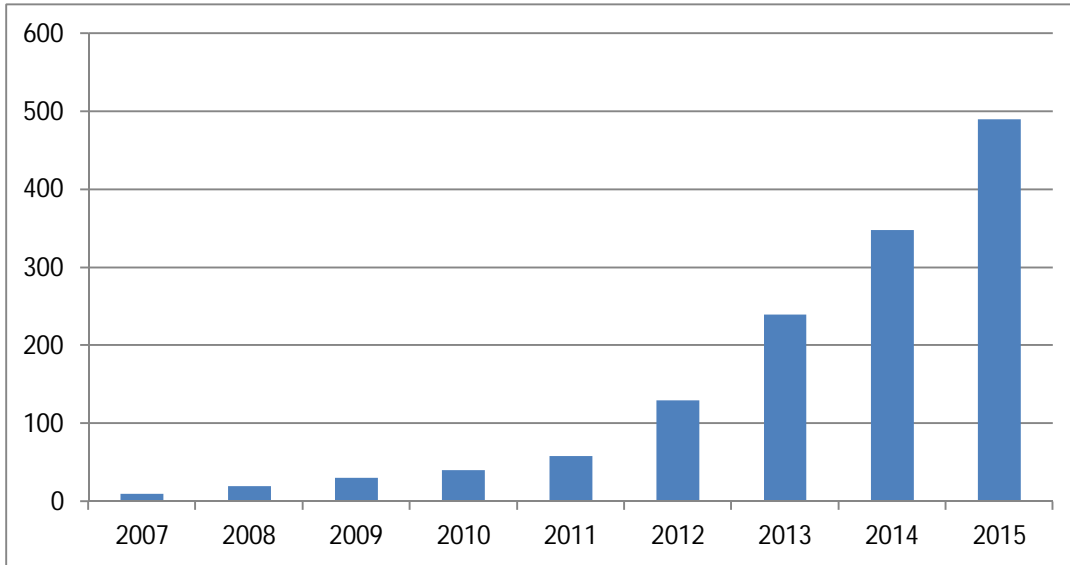


FIGURE 6. "Wong Lo Kat - students emotion" funded amount (WLK website)

#### 5.4 Questionnaire and Summary of Results

There were 14 questions in the questionnaire in a research website: [https://docs.google.com/forms/d/1T79I\\_Ln582uGROmi\\_WxRYJHG-eC6bOv2ifxmr5O\\_Z2TA/viewform](https://docs.google.com/forms/d/1T79I_Ln582uGROmi_WxRYJHG-eC6bOv2ifxmr5O_Z2TA/viewform) and 100 questionnaires were published in it, which helps to know more about herbal tea customers, especially about Wong Lo Kat. All of the 100 questionnaires were responded, so the feedback rate of the questionnaire was 100%. The questionnaire content is presented as appendices in English and Chinese on the last pages of the thesis.

There were 14 questions in the questionnaire and the questionnaire is enclosed as one of the appendices in the end of the report. 100 answers were finished on online. The questionnaire and results of the questions and the analysis of the results are all as follows.

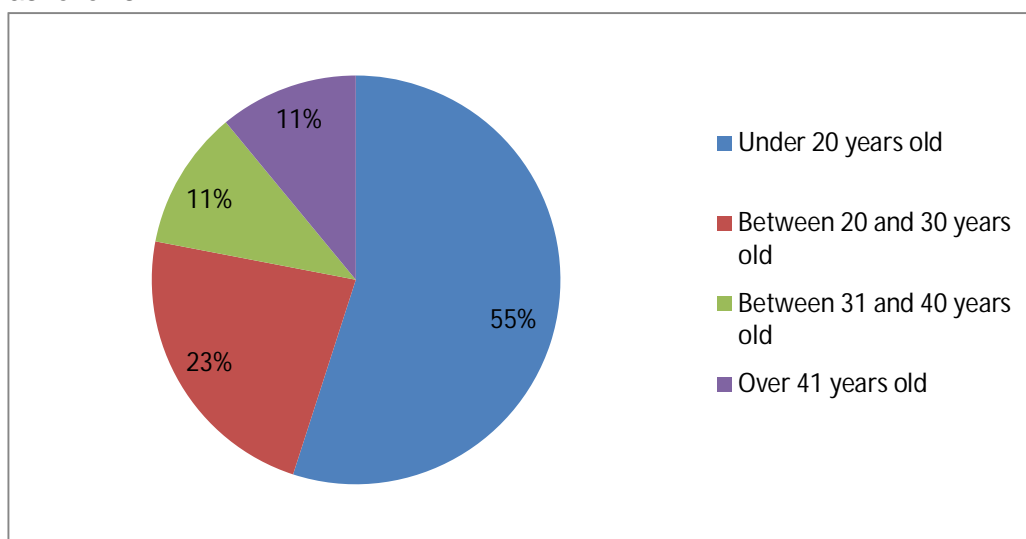


FIGURE 7. Age groups of respondents (n=100)

In the first question, the participants needed to choose their age group. We can see from Figure 1 that there were both only 11 respondents in age groups of 31-40 years old and over 41 years old respectively, which just took up a small rate of the total age group. But between 20 and 30 years old, there were 23 respondents, which also accounted for 23%. To some extent, this age group was the potential target group, so it was paid more attention to this group. In addition, the young people took up 55 percentages as age group under 20 years old. Accurately, it was not like before that the herbal tea had just been popular with middle aged adults, because the herbal tea has some medicine function. So this 55% tells us that we need to emphasize on young people because they have big demand.

Question 2 is about gender. The survey got the result the gender between male and female accounted for 58 percentages and 42 percentages respectively; obviously, there were more males than females answers about 16%. Because in Chinese traditional culture, it is thought humans are divided into Yin and Yang, the female belongs to Yin, and male belongs to Yang. On the other word, the Yang is stronger than Yin, so Yang's body more easily gets heat. To some extent, the male (Yang) would buy herbal tea to remove heat frequently. Meanwhile, Chinese food is often spicy, so it was also a key factor that influence customers on purchasing a product that could remove the heat after you eat spicy food.

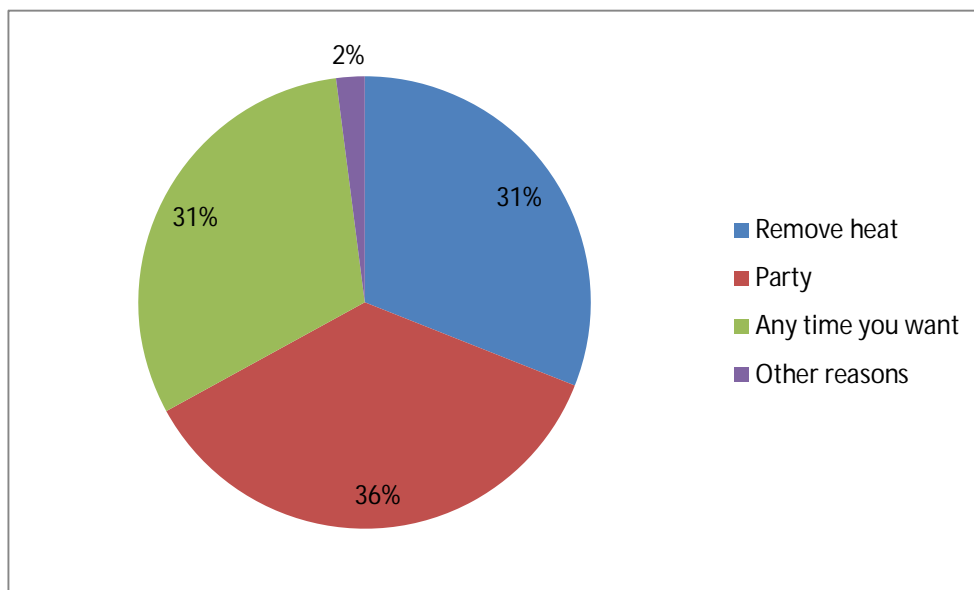


FIGURE 8. When will you buy herbal tea brand? (n=100)

This question was about situation when you want to drink herbal tea. From Figure 3, the biggest percentage was in a party, which took up 36%. The function 'remove heat' and any time you want have had the same percentages (31%), so there were 31 respondents and another 31 respondents who chose these two parts. It is just 2 persons who selected other reasons. So the party was a good opportunity to sell and advertise the herbal tea. During the parties, many get drunk eat junk food, and the herbal tea helps you to remove heat and keep health. Meanwhile, there were many



people to choose it in order to remove heat, so the herbal tea function was still a significant factor. And the 31% of any time you wanted means there were a good awareness in customers' mind. When they want to drink, they would remember herbal tea. It was a successful marketing.

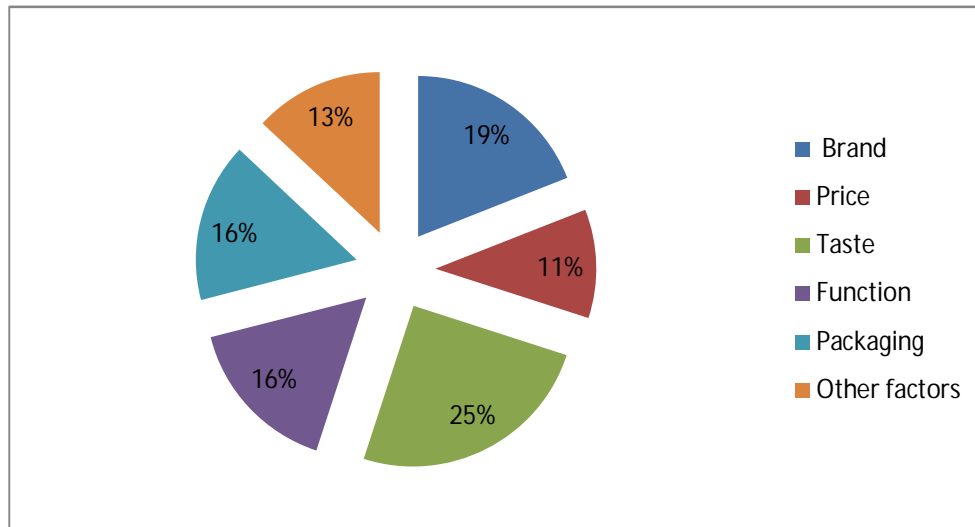


FIGURE 9. What are the factors that affect your purchase? (n=100)

The fourth question was about that when you buy a beverage, which factors you would think. From Figure 4, we can see, the taste accounted for 25%. But herbal tea tastes like a drug to some extent, so herbal tea needs to change or add some ingredient in order to let herbal tea taste better. Next is the brand, which took up 19%. So how to make your brand enter into consumer's mind? In addition, the function and packaging have same percentage (16%). There was no doubt that herbal tea function was the significant information that differentiated with other brand. The price just accounted for 11%, because the herbal tea was just 2-5 RMB/ bottle, which was not very expensive. There were also 13% respondents, who that thought that other factors influenced purchase.

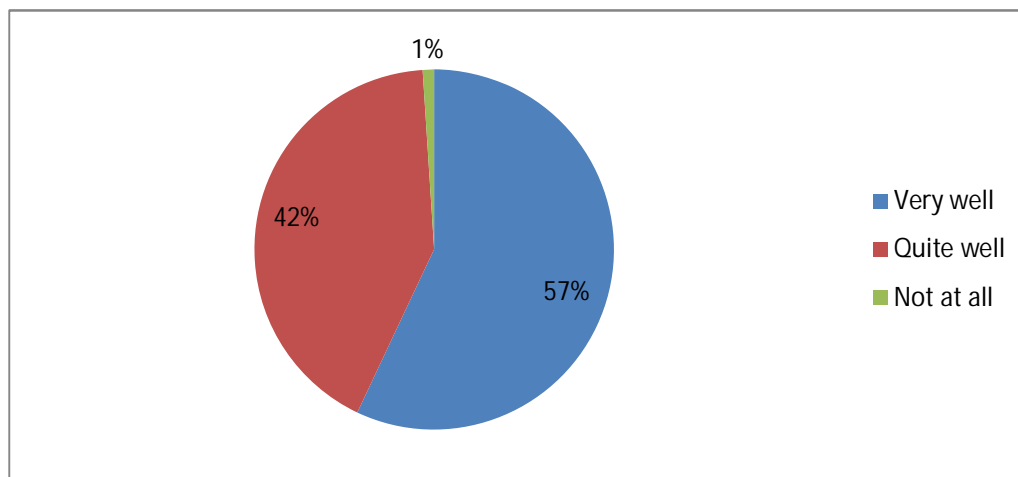


FIGURE 10. How well you know the Wong Lo Kat? (n=100)

This question was about Wong Lo Kat is popularity. We can see from Figure 5 that 55 percentages of consumers know Wong Lo Kat very well. We need to reach this group and made good relationships with them and let them be long-term customers. In addition, there were 42% of people that knew WLK quite well, so they were really big potential customer group. How to attract them and stimulate them to buy is the important question for WLK Company. There were also some respondents that did not know Wong Lo Kat at all, so the company needs to take full advantage of brand positioning and marketing strategy in order to make consumers have awareness of the product.

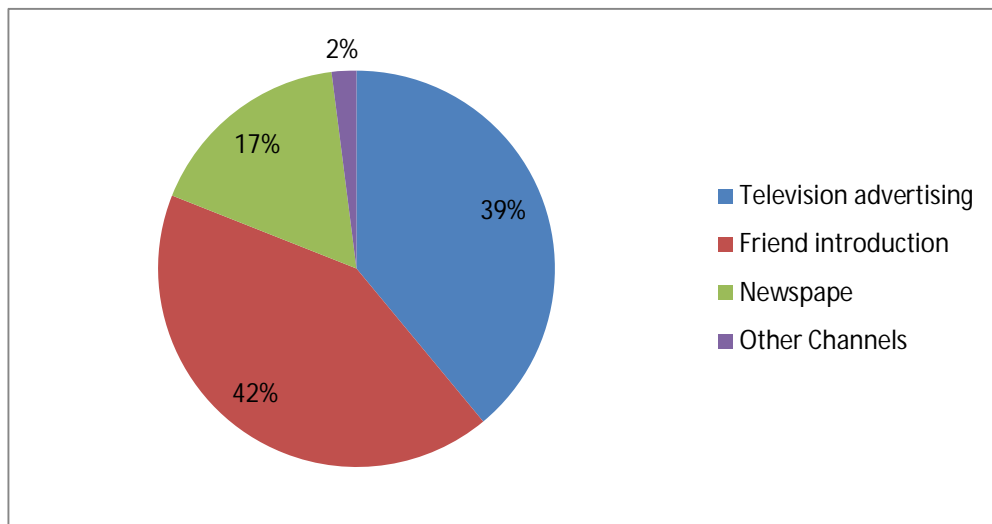


FIGURE 11. How do you know Wong Lo Kat? (n=100)

This question asked about channels through which consumers knew Wong Lo Kat. It was surprising that 42% of customers knew WLK via a friend, so the channel was personal relationships and it was an important way to deliver information on WLK. Television advertising accounted for 39 percentages, in China TV shows, we can see many kinds of advertising about WLK, it invested much money in it, and so it is normal that this part was so high. Furthermore, the newspapers were not very popular in China, so the percentage in newspaper was just 17%. How to find out other good channels was a good question for WLK Company.

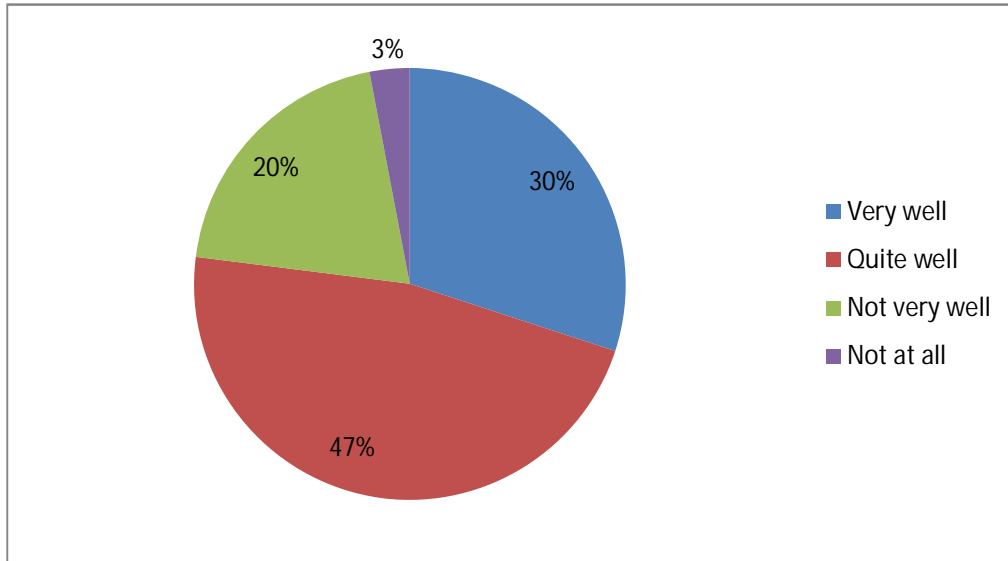


FIGURE12. Are you satisfied with Wong Lo Kat packaging? (n=100)

This question asked about Wong Lo Kat packaging satisfaction. From the Figure 7, we can know that most of them were satisfied with packaging, and Wong Lo Kat have both cans and bottle packaging. Maybe it could invent new packaging or durable the original to be more beautiful.

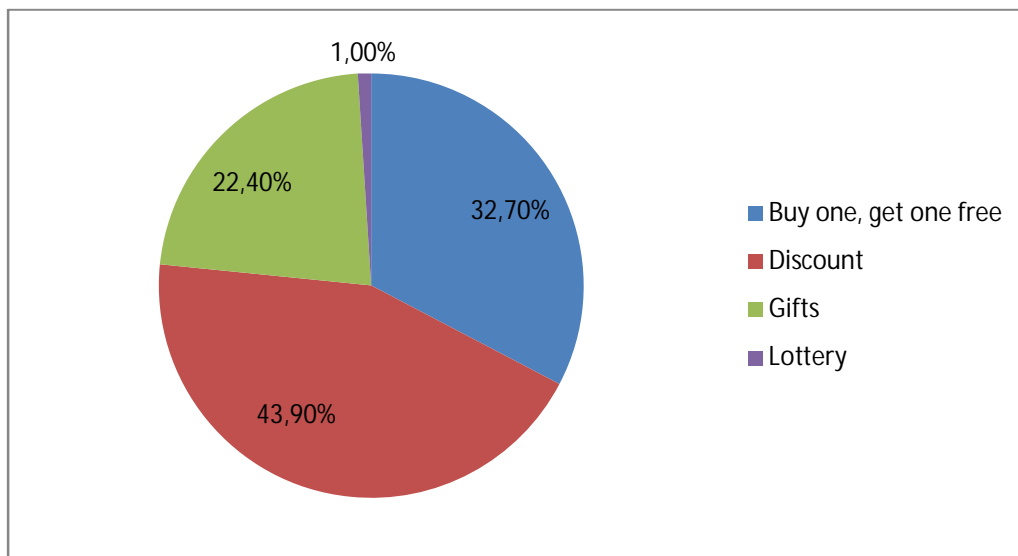


FIGURE 13. Which promotion activities do you like? (n=100)

This part was about sales promotion. The biggest of them was discount that accounted for 43.9%. 32 percentages of the respondents chose 'buy one, get one free'. 32.7% of the respondents selected gifts, just a small part of them chose lottery. So for this part, discount was the most visible way to attract consumers. Actually, promotion activities must be meeting the consumers demand.

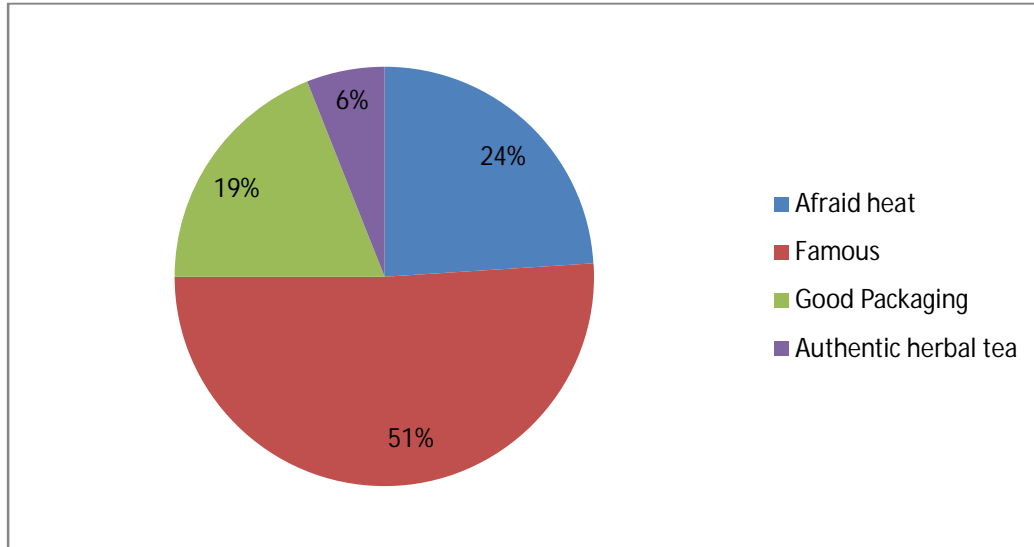


FIGURE 14. Why do you buy Wong Lo Kat? (n=100)

This question wanted to know the reasons why people buy Wong Lo Kat rather than other herbal tea brand. The reason 'famous' accounted for 52%, so it was really popular in China. In addition, more and more people paid more attention on their health, so they are afraid of heat, which took up 24% and the Wong Lo Kat helped them to remove heat. The good packaging also accounted for 19%. 'Authentic herbal tea' took up 6 percentages.

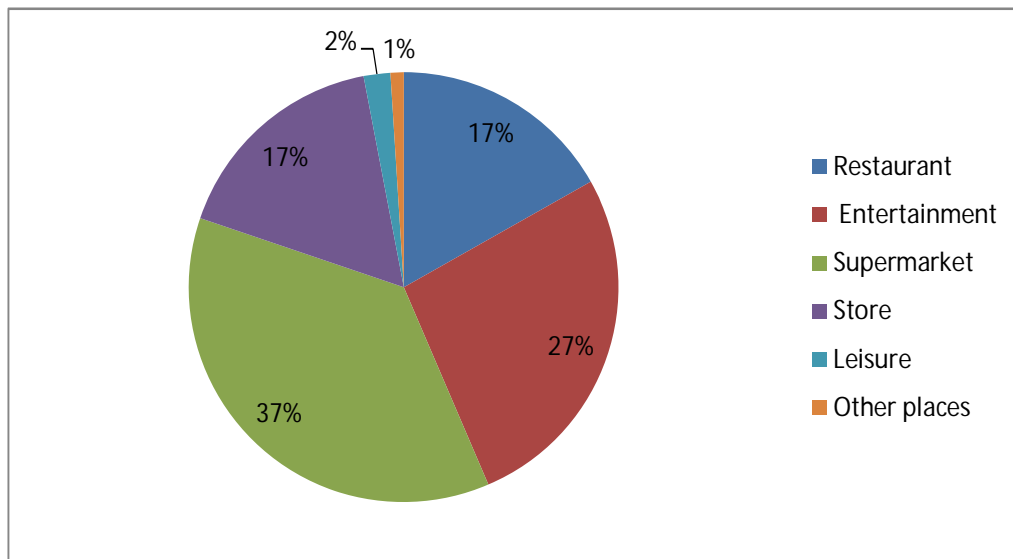


FIGURE 15. Where do you usually buy Wong Lo Kat? (n=100)

From Figure 10, most of consumers bought Wong Lo Kat from supermarket as because the supermarket accounted for 37 percentages, store and restaurants had the same percentage, 17% while entertaining, there were also 27% in some leisure places, and there were 2% of customers. So WLK Company should consider adding more shelves in supermarkets or stores, set up more relationship with restaurants,

and expend sales in entertainment places.

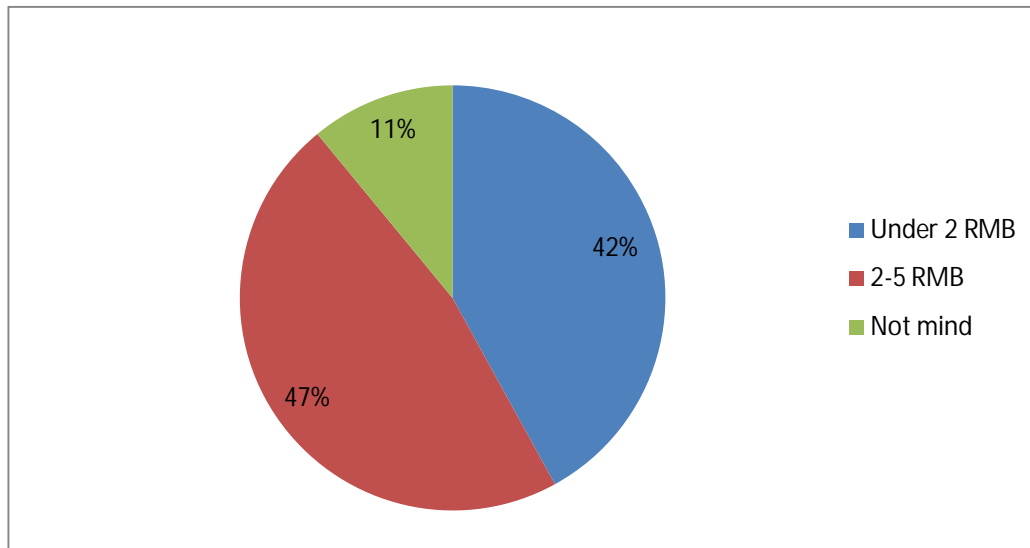


FIGURE 16. What is the price you can accept? (n=100)

This question asked the price that consumers can accept. We can see that almost all of them can accept 2-5 RMB. Of course, consumers wish the price to be as little as possible. In general, the respondents did not mind about price as long as the price was not very high, they all could afford it.

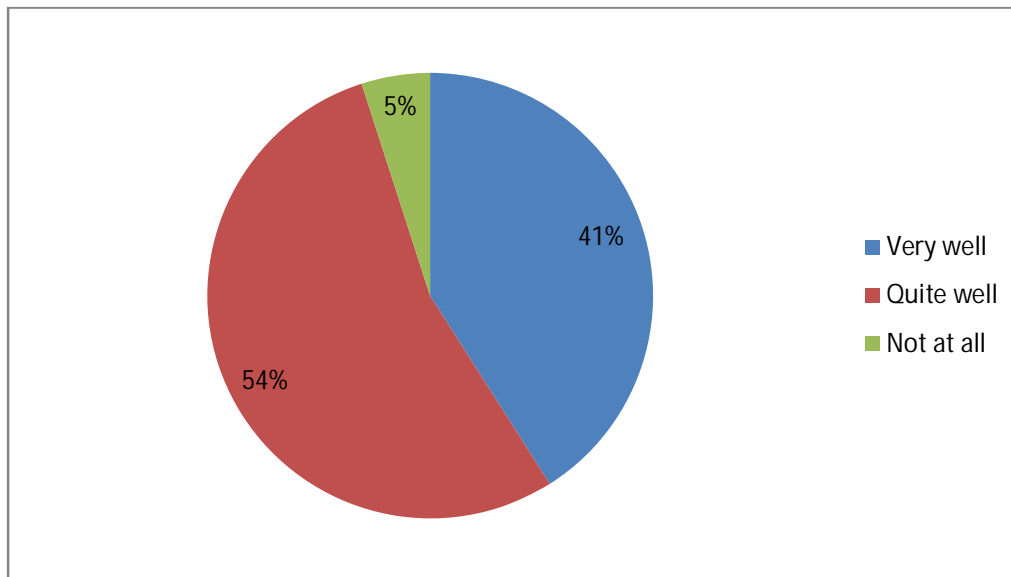


FIGURE 17. Do you know Wong Lo Kat advertising? (n=100)

The question 12 and question 13 were about Wong Lo Kat advertising. Almost all Chinese people know the Wong Lo Kat slogan, but “Afraid of heat, drink Wong Lo Kat” accounted most of percentages (82%) “Afraid of heat, drink authentic herbal tea, JDB publisher” only took up 18%. Actually, these two slogans are almost the same, but it was easier to remember the simpler one.

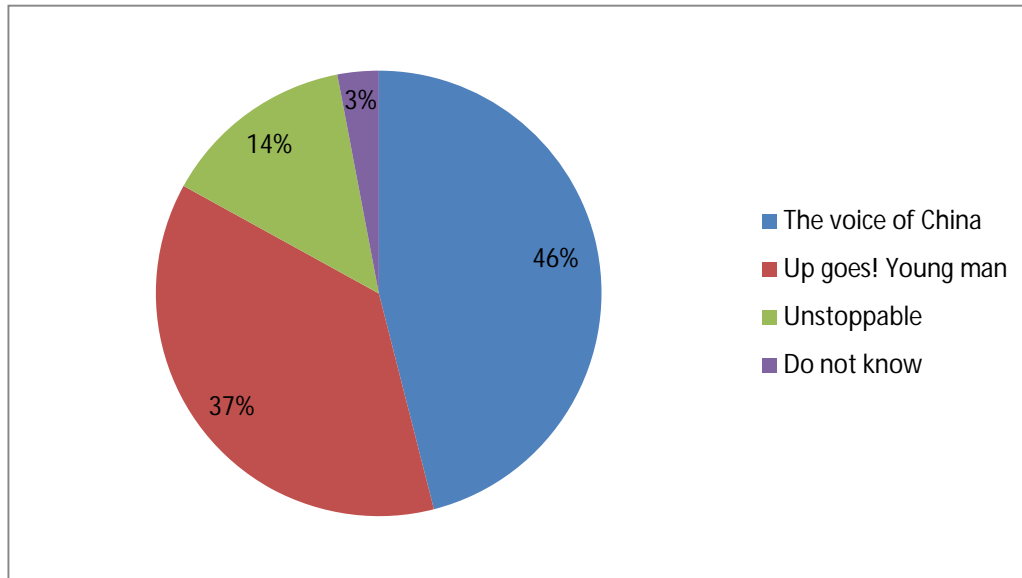


FIGURE 18. Which TV program do you know that Wang Lo Lat titled? (n=100)

The last question asked about WLK titled TV shows. From the Figures, the voice of China is the most famous TV show in China, so it accounted for 46%. Young man also got high percentages (37%). In addition, the unstoppable is not titled by WLK, which was titled by other herbal tea brand, but it was still selected by 14% of consumers, so we should care about this question, how to differentiate with other brand, and set up own unique brand positioning.

### 5.5 Suggestions for Wong Lo Kat

The research results show realistic and comprehensive information about customers' attitudes and satisfaction toward Wong Lo Kat herbal tea. After analyzing the feedbacks from customer and searching more information on the Internet, the author lists some suggestions for Wong Lo Kat which will help them to have the better development in future.

**Understand target group:** the purpose of understanding target consumers is making product function match up with consumers' psychological position. After analyzing market survey, WLK should grab consumers purchasing motivations, stimulate consumers purchasing desires and obtain consumers identifications.

**Correct cognitive errors:** Wong Lo Kat belongs to beverage even though it can remove heat, it cannot play the same role with medicine. If you really got a heavy body heat, you have to buy the medicine rather than using WLK. Certainly, it tastes a little bitter, but it is not the evaluation criteria in WLK's function. So WLK Company needs to insure the advertising information validity, then the consumers can receive the information and have right brand image in their mind.

**Increase investment in advertising:** Although the Wong Lo Kat is a leader in tea

beverage, but it occupied small market share in Chinese beverage industry. How to enlarge WLK market share? The advertisement is the best way for WLK to spread product information. The government and company invest funds in advertising, which supported and consolidated the red Wong Lo Kat positioning and deepened unique and long-term brand awareness, and increased sales greatly.

**Keep enterprise advantage:** Brand positioning is to develop a distinct and value-based positioning idea not to compare economic capabilities with other companies. An intelligent and well-crafted positioning statement is a powerful tool for bring focus and clarity to your marketing strategies, advertising campaigns, and promotional tactics. If used properly, this statement can help you make effective decisions to help differentiate your brand, attract your target customers, and win market share from your competition. So WLK have to keep the unique brand positioning in a long time.

Except above I have mentioned, there are still some suggestions I want to give for Wong Lo Kat. Nowadays, the domestic herbal tea market is booming. The other herbal tea brands and new brand can catch up WLK as long as they find their own unique positioning. It is just one leading brand situation that is an opportunity for other existing herbal tea brands. Those who wish to enter the herbal tea market need to find out these brands how to occupy a place under the competitive pressures. In turn, for WLK, how to keep the leading position in tea market? It needs to adapt to market segmentation and category segmentation and keep effective differentiated positioning fine points and select more valid target market to establish. In addition, WLK needs to take full advantage of the product strategy, pricing strategy, distribution strategy, promotion strategy and other marketing mix, and through advertising and other communication means to communicate with consumers in order to convey brand positioning effectively and occupy a unique position in the consumers' minds.

## 6 CONCLUSIONS

This thesis summed up a framework that includes theoretical premises, positioning methods, positioning and marketing mix by the studied positioning theory. It formed complete practical solutions through combining the positioning and marketing mix. Therefore, positioning theory became the best way to build a strong brand.

Wong Lo Kat became the first Chinese herbal tea brand by a series of positioning strategies. It analyzed consumers' original awareness about Wong Lo Kat herbal tea, then repositioned it as a "Remove heat" drink, which not only met the consumer demand, but avoided competing with domestic or foreigner giants' drinks directly, and this opened up their own space in the beverage industry.

This accurate brand positioning "Remove heat" is just the first step for Wong Lo Kat to make positioning strategy and is the most crucial step towards success. Under this positioning strategy, Wong Lo Kat organized and arranged product strategy, pricing strategy, distribution strategy and promotion strategy logically, which not only let marketing mix serve positioning, and consolidate this position, but it also increased the value of the brand.

Here is a table about relations of WLK herbal tea positioning strategy.

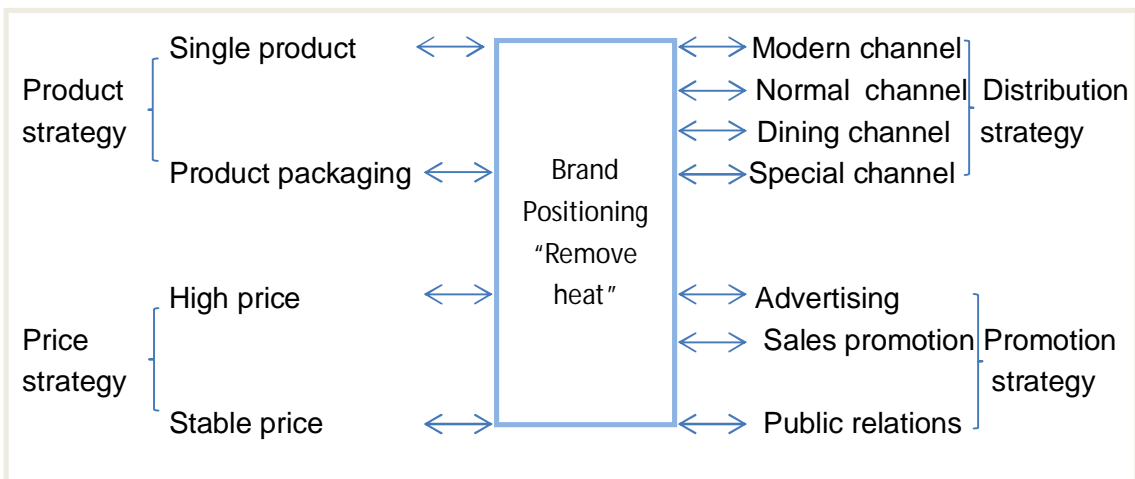


FIGURE 19. Wong Lo Kat herbal tea positioning strategy relationships

On the product strategy, on the one hand, Wong Lo Kat used a single product because Wong Lo Kat took 310 ml packing as a unique product and as a representative of the food items, which was good for WLK in entering into customers' minds. On the other hand, Wong Lo Kat adopted red and yellow what reflects the traditional Chinese packaging culture, which also conveyed simple and real "Remove heat" feelings.



On the pricing strategy, Wong Lo Kat used high price strategy. The benchmark retail price is 3.5 RMB / can, which established the high-end beverage image. Wong Lo Kat maintained the same price for a long time instead of making a price war, so the customers were given a degree of recognition.

On the distribution strategy, Wang Lo Kat adopted a modern channel to build the brand image. It used food and beverage management channel to enhance the brand value, took the normal channels to expand market share, and developed special communication channels to seek a breakthrough.

On the promotion strategy, Wong Lo Kat not only seized the favorable opportunity, and invested funds in advertising and carrying out national brand promotional activities, which supported and consolidated the red Wong Lo Kat positioning and deepened unique and long-term brand awareness, and increased sales greatly.

After Wong Lo Kat herbal tea adjusted slogan to the "Remove heat", it was widely recognized by consumers from Guangdong to the whole country. Wong Lo Kat needs to consolidate and strengthen its leadership position in the domestic herbal tea market, it also needs to maintain the unique "Remove heat" positioning, and upgrade positioning continuously and arrange reasonable marketing mix in order to gain a sustainable competitive advantage.

The next goal for Wong Lo Kat is to go abroad and occupy a position in the international market, from the "Guangdong herbal tea" into "Chinese herbal tea", during opening up the international market, Wong Lo Kat needs to stick to the "Remove heat" position, and make China become a herbal tea country.

According to the valuable domestic success experience, when Wong Lo Kat is entering the international market, it also needs to plan a product strategy, a pricing strategy, a distribution strategy and a promotion strategy in the international market, which combines marketing mix and positioning closely. Thus herbal teas can sell to worldwide.

Other domestic brands such as HE QI ZHENG and SHUN PAI herbal tea, which also wants to fight the second herbal tea status, also need to learn from the successful experience of Wong Lo Kat, and find out their location, and let their product strategy, pricing strategy, distribution strategy, promotion strategy and positioning fit to their brand positioning.

### **Evaluation of topic research and my own work**

Research part includes quantitative questionnaire survey with 100 respondents. Here I need to improve the research reliability because I just designed questions in close questions, and the open questions were ignored.

Besides, the questionnaire answers are only from one city (Luan) in An Hui province, the results from questionnaire might not be able to represent whole Chinese market.

The author spent about four months to finish this thesis report and obtained valuable experience from the process. Through this thesis report, the author known more professional knowledge in brand field, improve the competence in solving problems. Although there were many difficulties, such as research questionnaire problems, the author worked toward finding solutions until it is completed.

Finally, I would like to offer my sincere thanks to all those people who helped me to finish the thesis report.

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## Appendices

## Appendix 1

## QUESTIONNAIRE ABOUT WONG LO KAT HERBAL TEA IN CHINESE MARKET (IN ENGLISH)

Start by presenting the survey.

I am a International Business student in SAVONIA UNIVERSITY OF APPLIED SCIENCES. My thesis topic is Chinese Herbal tea brand positioning Strategy – Case study: WONG LO KAT Herbal Tea, in order to understand the situation of WLK in Chinese market, I made this questionnaires and I hope you take a moment to fill the questionnaire. Please click the optimal selections in accordance with your conditions. Thank you.

1. What is your age group?

- Under 20 years old
- Between 20 and 30 years old
- Between 31 and 40 years old
- Over 41 years old

2. What is your gender?

- Male
- Female

3. When you will buy herbal tea beverage?

- Remove heat
- Party
- Any time you want
- Other reasons

4. What are the factors that affect your purchase?

- Brand
- Price
- Taste
- Function
- Packaging
- Other factors

5. How well you know the Wong Lo Kat?

- Very well
- Quite well
- Not at all

6. How do you know Wong Lo Kat?

- Television advertising

- Friend introduction
- Newspaper
- Other Channels

7. Are you satisfied with Wong Lo Kat packaging?

- Very well
- Quite well
- Not very well
- Not at all

8. Which promotion activities you like?

- Buy one, get one free
- Discount
- Gifts
- Lottery

9. Why do you buy Wong Lo Kat?

- Afraid heat
- Famous
- Good Packaging
- Authentic herbal tea

10. Where do you usually buy Wong Lo Kat?

- Restaurant
- Entertainment
- Supermarket
- Store
- Leisure
- Other places

11. What is the price you can accept?

- Under 2 RMB
- 2-5 RMB
- Not mind

12. Do you know Wong Lo Kat advertising?

- Very well
- Quite well
- Not at all

13. Which slogan do you like best?

- Afraid of heat, drink Wong Lo Kat
- Afraid of heat, drink authentic herbal tea, JDB publisher

14. Which TV program do you know that Wang Lo Lat titled?

- The voice of China
- Up goes! Young man
- Unstoppable
- Do not know

THANK YOU FOR YOUR CO-OPERATION!