

# RESEARCH ON MARKETING STRATEGY OF SHANGHAI Y TEA HOUSE IAPM MALL STORE

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**Abstract:** To analyze and address the current marketing challenges faced by Shanghai Y Tea House iAPM Mall Store, this study adopts interviews, literature review, and observation methods to deeply analyze the store's marketing strategy issues. The research found that the main problems include unstable product quality, low cost performance, lack of diversified channel integration, and single promotion mode. These issues mainly stem from inadequate product quality control, inflexible price adjustment mechanisms, excessive use of traditional business thinking, and traditional promotion methods. Based on this, the study proposes corresponding countermeasures, including strict product quality control, differentiated pricing implementation, online and offline channel integration, and innovative promotion methods to improve its marketing strategy, enhance competitiveness, and promote sustainable and healthy store development.

**Keywords:** Marketing strategy optimization; Product quality; Channel integration; Promotion innovation

## 1 INTRODUCTION

With the development of China's economy and the spread of tea culture, the competition in the teahouse industry has become increasingly fierce. As a traditional leisure venue, teahouses have recently transitioned from traditional business models to modern, diversified business models. Consumers' demand for teahouses has shifted from merely being a place to drink tea to seeking higher-level cultural experiences and social spaces [1]. Therefore, marketing strategies in the teahouse industry have become particularly important.

As a high-end chain store under Y Tea House, the Shanghai Y Tea House iAPM Mall Store holds a certain level of representativeness in the market. The teahouse attracts numerous customers with its unique Sino-Japanese fusion decor and high-quality tea products. However, amidst increasingly fierce market competition, the Shanghai Y Tea House iAPM Mall Store also faces a series of marketing challenges, such as unstable product quality, low cost performance, lack of diversified channel integration, and single promotion modes.

This paper selects the Shanghai Y Tea House iAPM Mall Store as a single case study, deeply analyzing the problems in its marketing strategy and proposing corresponding improvement suggestions to provide insights and references for the development of the teahouse industry. The Shanghai Y Tea House iAPM Mall Store is chosen as the case primarily because of its representativeness in the high-end teahouse market and the unique challenges it faces. By analyzing the main problems in the current marketing strategy of the Shanghai Y Tea House iAPM Mall Store, practical improvement suggestions are proposed to help enhance its market competitiveness and provide valuable references and guidance for other practitioners in the teahouse industry.

Through this study, it is hoped to provide theoretical support and practical references for the teahouse industry to cope with market challenges and optimize marketing strategies, thereby promoting the sustainable and healthy development of the teahouse industry.

## 2 Literature Review

Research on the marketing strategies of the teahouse industry, both domestically and internationally, mainly focuses on the following aspects: the application of the 4P theory, consumer behavior analysis, and market competition strategies. Existing studies have shown that product quality, pricing strategies, channel integration, and promotional innovation are key factors influencing the success of teahouses.

The 4P theory, namely Product, Price, Place, and Promotion, is the core theory of marketing strategies. When formulating marketing strategies, teahouses need to comprehensively consider product diversity and quality, price rationality, channel coverage, and promotional innovation[2]. Through the application of the 4P theory, teahouses can more effectively meet consumer needs and enhance market competitiveness.

Consumer behavior analysis is of great significance in teahouse marketing. Modern consumers' demand for teahouses has shifted from simply drinking tea to seeking higher-level cultural experiences and social functions[3]. Therefore, when designing marketing strategies, teahouses need to deeply understand the consumption psychology and behavior habits of target customers, and improve customer satisfaction and loyalty through precise market segmentation and positioning[4].

In the fierce market competition, teahouses need to continuously innovate their marketing strategies to maintain a competitive edge. Teahouses should combine their own characteristics and market environment to formulate differentiated competitive strategies, such as brand positioning, service innovation, and experiential marketing[5].

Through cross-industry cooperation and diversified channel integration, teahouses can expand their market influence and attract more consumers[6].

In summary, existing research provides important theoretical support and practical guidance for this paper. However, most studies focus on macro-level theoretical discussions and lack in-depth analysis of specific cases. This paper aims to fill this research gap by conducting a single case study of the Shanghai Y Tea House iAPM Mall Store, providing empirical references for the optimization of marketing strategies in the teahouse industry.

### 3 Research Design and Case Description

#### 3.1 Research Design

This study adopts a single case study method, using interviews, observations, and literature review methods to deeply analyze the marketing strategies of the Shanghai Y Tea House iAPM Mall Store. The single case study method is suitable for detailed, in-depth research on a single subject, particularly for exploratory and explanatory research.

**Interviews:** Interviews are an important method for obtaining in-depth information and understanding the perspectives of respondents. This study conducts semi-structured interviews to collect the views and suggestions of the store manager, employees, and some customers on the teahouse's marketing strategies. The interviewees include the store manager, senior employees (with at least 3 years of work experience), and 10 regular customers. The interview content design includes evaluation of existing marketing strategies, existing problems, and improvement suggestions. Each interview lasts about 30-60 minutes, and the interviews are conducted in a quiet private room within the teahouse.

**Observations:** Observations are used to directly understand the operation of the teahouse and customer behavior, supplementing the data from the interviews. Observations are conducted at various times throughout the week (including weekdays and weekends) in different areas of the teahouse. Observation content includes customer entry and exit times, customer activities within the store, and employee service behaviors. Observations are recorded using notebooks and mobile phones, and photos are taken when necessary (with permission).

**Literature Review:** The literature review method involves collecting and analyzing existing literature to understand relevant research and theoretical foundations. Relevant literature on teahouse marketing strategies is collected through academic databases, industry reports, and internal teahouse materials. Literature related to teahouse marketing strategies, consumer behavior, and market competition strategies is selected for analysis. The collected literature is categorized, organized, and analyzed to summarize the main points and findings of existing research.

#### 3.2 Case Description

Y (Shanghai) Cultural Communication Co., Ltd. was established on March 24, 2016, with a registered capital of 10 million yuan. Its subsidiary, Y Tea House, is a high-end chain teahouse brand that meets the diverse needs of young people and business professionals. Y Tea House attracts a wide range of customers with its Sino-Japanese fusion decor style, providing a comfortable and diverse tea drinking environment, becoming an "urban oasis." Y Tea House has successfully expanded to four major cities: Shanghai, Hangzhou, Chengdu, and Beijing through continuous innovation and adaptation to market demands. As of the end of 2023, Y Tea House has 43 stores in these cities, including 41 in Shanghai, 3 in Hangzhou, 2 in Chengdu, and 1 in Beijing.

The Shanghai Y Tea House iAPM Mall Store is an important store of the brand, located on Nanchang Road in Xuhui District, Shanghai, covering an area of about 400 square meters. The store has 22 indoor rooms and 11 outdoor rooms, each being a private room. The store's decor combines Chinese and Japanese styles, creating an elegant environment. The store employs 11 staff members, including 1 store manager, 4 tea artists, 2 receptionists, 2 logistics staff, 1 supervisor, and 1 cleaner. The teahouse mainly sells seven types of tea, including black tea, white tea, oolong tea, rock tea, pu-erh tea, cold brew tea, and flower tea, paired with fruit, cakes, ice cream, and nuts.

The Y Tea House iAPM Mall Store is located in a prime location near the subway station exit, attracting a large flow of customers. Additionally, the brand influence of Y Tea House and a large number of loyal customers ensure its stable operation and revenue. Through years of development, Y Tea House has not only become a transmitter of tea culture but also an important place to meet residents' spiritual and cultural needs. Its comprehensive marketing strategies provide valuable case studies for other teahouses and similar businesses.

In terms of product strategy, Shanghai Y Tea House offers a total of 12 types of products, including tea and snacks. Y Tea House is committed to innovation, continuously creating and launching unique and diverse product combinations to build its brand, thereby meeting the diverse needs of customers. Additionally, it changes snacks with the seasons to increase customer expectations. While teahouses generally focus on tea, Y Tea House offers a variety of products including tea, fruit, cakes, ice cream, nuts, noodles, and baked milk. This diversity in products helps shape the brand image, enhancing brand awareness and influence.

In terms of pricing strategy, Y Tea House stores are geographically dispersed, mostly located in core areas with high foot traffic. The different store sizes, decor styles, and geographic locations result in inconsistent pricing. Different types of products adopt cost-oriented pricing to ensure the teahouse can achieve profits. Furthermore, the teahouse uses measures such as offering coupons and discounts for members to attract customers, thereby increasing profits and boosting store sales.

In terms of channel strategy, in the current market competition, Y Tea House's sales channels mainly include online and offline channels. Firstly, Y Tea House is very cautious in selecting store locations, which is crucial for the teahouse's

future prospects. Therefore, the stores are located in prime locations with convenient transportation and high foot traffic, attracting customers to visit. Most customers consume through offline channels, directly visiting the stores. Secondly, Y Tea House keeps pace with the times and the development of the internet, cooperating with online platforms such as Meituan, Douyin, and Xiaohongshu to promote the Y brand, increasing its influence and attracting consumer interest and attention. Overall, Y Tea House sets different prices based on the specific location of each store and the consumption level of customers, implementing diversified pricing.

In terms of promotion strategy, firstly, Y Tea House publishes knowledge about tea culture on WeChat and Xiaohongshu, such as tea knowledge, tea tasting tips, and tea brewing precautions, to attract tea enthusiasts' attention. It also conducts lottery draws and offers Meituan coupons on Douyin to attract customers to experience consumption. Secondly, Y Tea House has established a membership system, providing exclusive discounts and benefits for members, such as discounts, points redemption, and member exclusives, greatly increasing customer loyalty. Lastly, Y Tea House regularly launches new products and tea drinks, accompanied by promotional activities such as limited-time discounts and buy-one-get-one-free offers. Through innovation, it meets the diverse needs of customers, attracting them to try the products, enhancing attractiveness and increasing sales.

## 4 RESEARCH RESULTS AND ANALYSIS

Through in-depth research on the Shanghai Y Tea House iAPM Mall Store, this paper identifies some key issues in its marketing strategies. These issues are concentrated in aspects such as product quality, cost performance, channel integration, and promotion modes. The following are the specific research results and analysis:

### 4.1 Product Quality Issues

Product quality is crucial to the success of a teahouse, but the Shanghai Y Tea House iAPM Mall Store has shortcomings in supply chain management and quality control, leading to fluctuations in tea product quality. The research reveals that the main problems include inadequate supply chain management, insufficient product quality control, and an imperfect customer feedback mechanism.

Firstly, the teahouse's supply chain management lacks a strict supplier evaluation and management mechanism, resulting in inconsistent tea quality. These issues not only affect the stability of the tea products but may also lead to a decline in the quality of certain batches, directly impacting customer experience and satisfaction. Secondly, product quality control is inadequately implemented in practice, with employees not strictly adhering to quality standards. This is evident in the failure to strictly control temperature and humidity during tea storage, leading to deterioration in tea quality. Additionally, the tea-making process also involves non-standard operations, further affecting the final quality of the tea products. Moreover, the current customer feedback mechanism fails to effectively collect and address customer opinions, resulting in some quality issues not being resolved in a timely manner. Although the teahouse has suggestion boxes and online feedback channels, these channels are underutilized, and customer feedback information does not promptly reach management.

### 4.2 Cost Performance Issues

Cost performance is a significant consideration for consumers when choosing a teahouse. However, the Shanghai Y Tea House iAPM Mall Store has several notable issues in this regard, affecting customer willingness to consume and loyalty. The specific problems are mainly concentrated in three areas: high prices, insufficient perceived product value, and lack of innovation in promotion strategies.

Firstly, the teahouse's high prices somewhat limit its target customer base. The research found that Y Tea House's pricing strategy primarily targets the high-end market, but its high prices do not fully reflect the actual value of the products and services. This mismatch between price and value leads some customers to perceive the teahouse's cost performance as low, affecting their consumption decisions. Secondly, customers have insufficient perceived value of the teahouse's products. Although the teahouse provides high-quality tea and an elegant environment, customers' perception of these added values is relatively limited. Some customers expressed that the teahouse's products and services did not fully meet their expectations, especially regarding the added services and experiences matching the prices. This indicates a deficiency in conveying the unique value of the teahouse's products and services. Moreover, the teahouse's promotion strategies lack innovation and diversity, failing to effectively enhance product cost performance. Currently, the teahouse's promotional activities are mainly focused on traditional discounts and gifts, which have limited appeal to modern consumers. Research points out that modern consumers are more inclined to participate in promotional activities with high interactivity and experiential value[7]. However, Y Tea House's investment and innovation in this area are insufficient, failing to effectively stimulate customer purchasing desire.

### 4.3 Channel Integration Issues

In the modern market, channel integration is an important means for companies to improve market coverage and customer satisfaction. However, the Shanghai Y Tea House iAPM Mall Store has significant shortcomings in channel integration, affecting its market performance. The specific problems are mainly concentrated in the insufficient

development and promotion of online channels, inadequate selection and management of offline channels, and weak integration of online and offline channels.

Firstly, the insufficient development and promotion of online channels limit the teahouse's market coverage. Although the teahouse has conducted online sales through its own website and social media platforms, its promotional efforts are clearly insufficient[8]. Utilizing search engine optimization (SEO), content marketing, and social media advertising can significantly enhance the visibility and traffic of online channels. However, Y Tea House lacks investment and strategies in this area, resulting in its online sales channels not achieving the desired effect. Secondly, the inadequate selection and management of offline channels affect customer experience and satisfaction. Although the Y Tea House iAPM Mall Store is located in a prime area with convenient transportation and high foot traffic, the store layout and environmental design have deficiencies. For example, some customers reported that the store's indoor lighting and seating comfort were not satisfactory, affecting their overall experience. Additionally, the teahouse faces issues with service efficiency and staff allocation during peak times, leading to long waiting times for customers and affecting their willingness to consume. Moreover, the weak integration of online and offline channels is another significant issue for the teahouse. Although the teahouse attempts to attract customers to offline consumption through online promotion, the interaction between online and offline efforts is not significant. A successful Online to Offline (O2O) strategy can effectively enhance customer engagement and loyalty[9]. Y Tea House lacks systematic strategies and execution plans in this area, failing to fully leverage the advantages of online channels to guide customers to visit the store.

#### 4.4 Promotion Mode Issues

Promotion strategies play a crucial role in teahouse marketing, being important means to attract customers and boost sales. However, the promotion mode of the Shanghai Y Tea House iAPM Mall Store has significant issues, mainly manifesting in single promotion forms, lack of innovation and interactivity, and failure to effectively stimulate customers' purchasing desire.

Firstly, the teahouse's promotional activities are mainly concentrated on traditional discounts and giveaways, lacking innovation. Y Tea House's promotional activities are relatively monotonous, primarily relying on discounts and giveaways. These traditional methods have limited appeal to consumers, especially in a competitive market environment, where they cannot effectively highlight the brand's characteristics and product advantages. Secondly, the promotional activities lack diversity and personalization, failing to meet the needs of different customer groups. Different consumer groups have different expectations and responses to promotional activities, and personalized promotion strategies can more effectively attract the attention and participation of specific groups[10]. However, Y Tea House's promotional activities do not fully consider the preferences and needs of different customers, leading to a lack of interest and participation enthusiasm among some customers. Furthermore, the promotion strategies lack interactivity and experiential value, failing to fully utilize social media and digital marketing tools to enhance customer engagement. Modern consumers not only pay attention to price discounts but also value the interactive experience during consumption. For example, hosting online tea culture knowledge competitions and new product launch events on social media platforms can increase brand exposure and customer participation. However, Y Tea House's investment and innovation in this area are insufficient, failing to fully leverage the advantages of digital marketing to enhance promotion effectiveness. Lastly, the effectiveness evaluation and feedback mechanism of promotional activities are inadequate, making it difficult to timely adjust and optimize promotion strategies. Effective promotional activities require continuous monitoring and evaluation to adjust based on market feedback. However, Y Tea House lacks a systematic promotional effectiveness evaluation mechanism, leading to an inability to timely understand the actual effects and customer feedback of promotional activities, thereby affecting the optimization and improvement of promotion strategies.

### 5 Marketing Strategy Optimization Suggestions

Based on the in-depth analysis of the marketing strategies of the Shanghai Y Tea House iAPM Mall Store, this paper proposes the following improvement suggestions to enhance the teahouse's market competitiveness and customer satisfaction.

#### 5.1 Improving Product Quality

To improve product quality, the Shanghai Y Tea House iAPM Mall Store needs to strengthen supply chain management, enhance quality control, and improve the customer feedback mechanism. Firstly, a strict supplier evaluation and management mechanism should be established, with regular audits and evaluations to ensure the quality and stability of tea sources. Secondly, during the tea production and storage process, quality standards should be strictly implemented, and employee training should be increased to ensure that every employee understands and follows the quality control procedures, especially in temperature and humidity control, to ensure the freshness and quality of the tea. Additionally, the customer feedback mechanism should be improved by establishing an efficient system for collecting and handling customer feedback. Customers should be encouraged to provide opinions and suggestions through various channels (such as online feedback, social media, and in-store suggestion boxes), and feedback data should be regularly analyzed to promptly adjust and improve product quality.

## 5.2 Enhancing Cost Performance

To enhance cost performance, the Shanghai Y Tea House iAPM Mall Store should optimize its pricing strategy, increase added value, and innovate promotional activities. Firstly, a multi-tier pricing strategy should be formulated based on the needs and payment capabilities of different consumer groups. For example, affordable price packages for regular consumers should be introduced while maintaining the quality and service standards of high-end products to attract a broader customer base. Secondly, additional services and experiences, such as tea art performances and cultural lectures, should be provided to enhance the added value of the products, allowing customers to pay not only for the tea but also for unique experiences and services. Additionally, diverse and personalized promotional activities should be designed to meet the needs of different customers. Exclusive member discounts, new product launch events, and points rewards can increase customer participation and loyalty.

## 5.3 Strengthening Channel Integration

To strengthen channel integration, the Shanghai Y Tea House iAPM Mall Store should enhance online channel promotion, optimize offline channel management, and improve O2O (Online to Offline) interaction effects. Firstly, investment in online channels should be increased, using search engine optimization (SEO), content marketing, and social media advertising to enhance brand awareness and website traffic. E-commerce platforms and social media should be utilized to interact with customers and boost online sales. Secondly, the store environment and service quality should be improved to enhance customer experience. Through scientific site selection and meticulous store design, a comfortable and elegant tea-drinking environment should be created to attract more customers to visit. Lastly, a systematic O2O strategy should be formulated to guide customers to offline consumption through online activities. Online platforms should be used to publish offline event information and provide a service model combining online reservations with offline experiences to enhance customer interaction.

## 5.4 Innovating Promotion Modes

To innovate promotion modes, the Shanghai Y Tea House iAPM Mall Store should increase interactivity and experiential value, diversify promotional methods, and improve the promotion effectiveness evaluation mechanism. Firstly, interactive promotional activities, such as tea culture knowledge competitions, new product tasting events, and social media interactions, should be designed to actively engage customers and enhance brand influence. Secondly, digital marketing tools should be used to regularly push personalized promotional information and hold joint online and offline events, increasing the diversity and appeal of promotional activities. Lastly, a systematic promotion effectiveness evaluation system should be established to regularly analyze and summarize the actual effects and customer feedback of promotional activities, and timely adjust and optimize promotion strategies based on data to ensure the effectiveness and continuous improvement of promotional activities.

Through these improvement suggestions, the Shanghai Y Tea House iAPM Mall Store can effectively improve product quality, optimize cost performance, strengthen channel integration, and innovate promotion modes, thereby enhancing market competitiveness and customer satisfaction and achieving sustainable development.

## 6 Research Limitations and Future Research Directions

This study conducts an in-depth analysis of the marketing strategies of the Shanghai Y Tea House iAPM Mall Store, identifying the main problems in aspects such as product quality, cost performance, channel integration, and promotion modes, and proposes corresponding improvement suggestions. However, this study also has certain limitations.

Firstly, this study uses a single case study method. Although it deeply analyzes the specific situation of the Shanghai Y Tea House iAPM Mall Store, the generalizability of its conclusions and suggestions may be limited. The research results of a single case may not fully represent the entire teahouse industry, as other teahouses may face different problems and challenges. Secondly, the data in this study mainly come from interviews, observations, and literature review. The subjectivity and limitations of the data may affect the accuracy and comprehensiveness of the research results. The selection of interviewees and the subjectivity of their responses may lead to bias, and the choice of time and location for observations may also affect the representativeness of the results. Lastly, the time span of this study is limited, and it does not continuously track the long-term development and changes of the teahouse, making it impossible to fully assess the actual effects and sustainability of the improvement suggestions.

Therefore, future research can be expanded and deepened in the following aspects. Firstly, a multi-case study method can be adopted to conduct comparative research on teahouses of different types and sizes to enhance the generalizability and reliability of the research conclusions. By comparing the marketing strategies and practices of different teahouses, the study can reveal their successful experiences and lessons, providing more comprehensive references for the industry. Secondly, more quantitative research methods can be introduced, such as surveys and data analysis, to collect and analyze larger sample data, improving the accuracy and objectivity of the research results. For example, large-scale customer satisfaction surveys and market analyses can be conducted to gain deeper insights into consumer needs and behaviors. Lastly, future research can conduct long-term tracking studies to evaluate the actual effects and sustainability of the improvement suggestions. By continuously monitoring the operations and market performance of teahouses, the

study can analyze the actual impact of the improvement measures, providing scientific evidence for the continuous improvement of teahouses.

## COMPETING INTERESTS

The authors have no relevant financial or non-financial interests to disclose.

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