

The Research on Marketing Strategies for Master Kong's New Products

Keya Lu^{1,a,*}

¹Zhenjiang High School of Jiangsu Province, Zhenjiang, 212000, China

a. 1911411118@mail.sit.edu.cn

*corresponding author

Abstract: Master Kong, which is the leading enterprise of instant food industries in China now is suffering from the loss of its potential profit. What caused these phenomena is the fierce competitions between the old and new brands in instant food industries. Although Master Kong can still dominate the main instant food market in China, it still needs to breakthrough its own bottleneck. In this research, new products are proposed which can also provide totally new ideas for the generation of instant food products. The online open questionnaire and in-depth research interview provide the information about the things need to be improved and the new consumer groups. The generation Z and new town youth purchasing characteristics are useful for many brands. In order to reach the generation Z and new town youth in China, specific marketing strategies are presented in this research after analyzing the real market. This research mainly dedicated into how to maintain Master Kong's leading position and lay the foundation for its future transformation.

Keywords: SWOT analysis, business plan, consumer analysis, marketing strategies

1. Introduction

Over the past decades, instant food industries in China have increased dramatically. Master Kong was founded in Tianjin by the Wei brothers from Changhua County, Taiwan. This company started its instant noodle business in 1992, and expanded operations into other foods and beverages like bottled drink, snacks in 1996. However, this leading enterprise of the instant food industries in China are now suffering from the period of stagnation due to a decline in gross margin which dragged down net profit. As the price of raw materials increased, the gross profit margin of instant noodles decreased [1].

Jeffrey had mentioned the tough situation: from 2013 to 2016, total demand for Chinese instant noodles fell from 46.22 billion packs to 38.52 billion packs, a decrease of 8 billion packs in three years, a drop of 16.7%. According to a survey conducted by Sanxiang Metropolis Daily that year, only 8% of consumers regularly eat instant noodles, while 85.7% of consumers eat instant noodles occasionally. Since then, the Chinese have almost reinvented instant food [2]. Over the past three years, driven by the epidemic situation, numerous vigorous brands in the field of instant food, for instance, Luosifen, Turkey noodles, self-heating hot pot, AIRMETER pasta has emerged endlessly. Thus, the traditional instant noodles are no longer the favorite choice of consumers. Also, the competition among the old brands of instant noodles like Baixiang, Tongyi, NISSIN made it harder for Mater Kong to maintain its leading position and increase the net income. According to the annual

report announced by Master Kong, it had been ranked among the Top Three Brands as First Choice by Chinese Consumers for ten consecutive years. However, in 2022, the Group's revenue from the instant noodle business was RMB29.634 billion, with a year-on-year growth of 4.17%, accounting for 37.65% of the Group's total revenue. During the period, the gross margin of instant noodles decreased by 0.41 percentage points year-on-year to 23.95%, due to the rise of raw material prices and shift in product-mix. Due to the year-on-year decline in gross profit margin, the profit attributable to shareholders of the Company in the instant noodles segment declined by 31.42% to RMB 1.375 billion in 2022 [3]. All these can indicate the tough situation that Master Kong is facing.

Combining external threats from the vigorous brands and the internal problems of its own, Master Kong is now on the horns of a dilemma while it still didn't figure out a better way to improve itself. With the rapid development of the instant food industry, the transformation and upgrading must be needed to overcome the dilemma.

In conclusion, after gathering and analyzing the data [4,5], also combining the SWOT analysis [6-8]. This paper will discuss how to market and promote the new products in order to help Mater Kong solve some of its problem, also help it target and attract new consumer groups [9-11]. What's more, the new products proposed by this paper will provide some strategies to maintain Master Kong's leading position and lay the foundation for its future transformation.

2. Methods

2.1. Data Source

The data source for this paper are mainly from three parts, the online open questionnaire contained 166 individuals, in-depth research interview contained 8 individuals and existing report and paper searched from Google website and Chinese National Knowledge Infrastructure (CNKI).

2.2. Method Introduction

2.2.1. Company SWTO Analysis

SWOT Analysis was first proposed by Andrews, a professor at Harvard Business School (HBS). SWOT analysis is a means of evaluating the internal and external factors that impact an organization in order to formulate business strategy. The four elements are the company's strengths, its weakness, the opportunities in its competitive environment, and the threats in its competitive environment [8]. After SWOT analysis, it's easy to recognize Master Kong's own strengths and weaknesses, in addition with the opportunities and threats in the external environment. Combining and considering all these elements to determine the most suitable marketing strategies for Master Kong.

2.2.2. New Products Design Analysis

In order to determine how to design the new products "Master Kong's tour in China". The problems of Master Kong's existing products were analyzed by reading the report and setting such questions in the open questionnaire. For instance, the most important factors that may influence the consumers to buy instant food were asked and the data could show what may need to be improved while designing the new products. The data gathered from the open questionnaire were presented in the form of statistical charts to make the analysis more concise and intuitive. In addition, the designing process included the analysis on how to satisfy the new consumer groups.

2.2.3. Marketing Strategy Analysis

After processing and analyzing part of the data from the open questionnaire, the new series products “Master Kong’s tour in China” can be divided into two parts: A documentary called “Master Kong’s tour in China” and six kinds of instant noodles from different cities in China called “Smell at homeland”. The report provided the new consumer profile and the information of their purchasing characteristics. The data about which purchasing platform do consumers prefer the most was also presented as the bar chart to certify the exact publicizing platforms. In order to certify the final form of the new products and the specific way of advertising and marketing, in-depth research interview was also used as a method and a source of data.

3. Results and Discussion

3.1. SWOT Analysis

SWOT analysis is helpful in determining the marketing strategies. Table 1 below is the SWOT analysis of Master Kong which shows a visualization of its strengths, weaknesses, opportunities and threats based on today’s market.

Table 1: The SWOT Analysis for Master Kong [6].

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. The sales volume of instant noodles have large amounts of market share in China. 2. The pandemic had no effect on its strong financial performance and remarkable growth. 3. The demand of its diverse products are strongly high. 	<ol style="list-style-type: none"> 1. Some kinds of products had bad news and led to the boycott of consumers. 2. The price of raw materials has increased over the past years. 3. Some of its businesses are suffering losses and its market share is shrinking.
Opportunities	Threats
<ol style="list-style-type: none"> 1. It may reach more consumers with the help of digitalization and social media. 2. Beijing 2022 winter Olympics create opportunity for food sponsoring. 	<ol style="list-style-type: none"> 1. Business operations may be affected because consumers now care about health issues more. 2. Greater competitions from both old and new brands in Chinese market. 3. Food shows and bloggers are not supported in China and this could affect marketing efforts.

3.2. Major Problems and Factors

Further research has proved that the instant food industries are now facing some major problems. Firstly, the fastest growing among the new generation of instant food consumers is post-85 to post-00 groups, they are the core drivers of instant food consumption growth. However, the traditional instant food company still don’t have an excellent transformation to attract the new generation. Secondly, the new generation of consumers has more options on the convenience food circuit. No longer just the pursuit of “full”, but also choose to “eat balanced, green health”, the consumers now pay more attention to food health, delicious and pleasant mood. Thirdly, the packaging design of instant food is seriously homogenized, the reduction of packaging increases confusion when consumers buy products. Fourthly, the packaging design of instant food can’t achieve consumer’s personalization requirements. At present, the packing design is still following the traditional one and it didn’t consider the brand-new changes and consumer pain point.

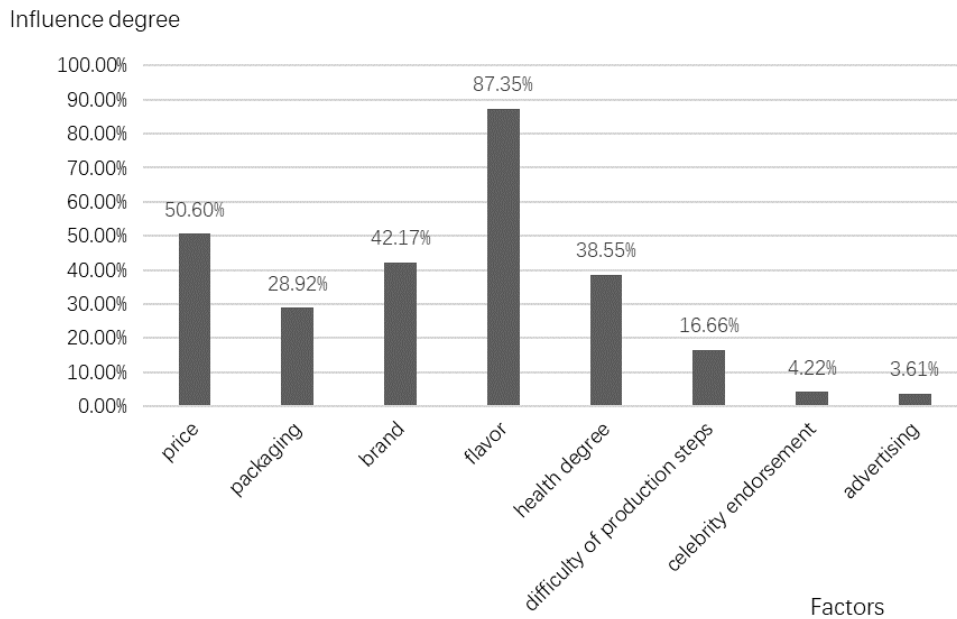


Figure 1: This caption has one line so it is centered.

Figure 1 above showed some major factors that may influence the consumers when choosing instant noodles. The most important factors are flavor, price, packaging and health degree.

3.3. Consumer Analysis

3.3.1. Consumer Age

Figure 2 shows the consumers' age for buying instant food.

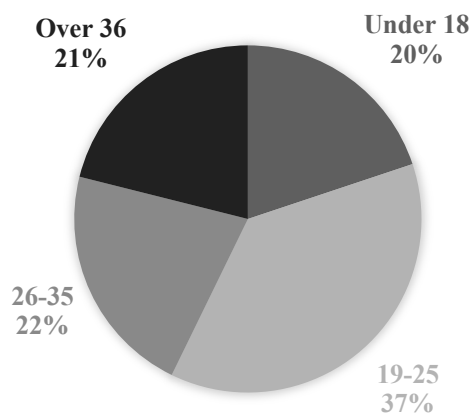


Figure 2: Consumer Age for buying instant food.

The open questionnaire surveyed the consumer age for buying instant food. As the data shown in figure 2, the consumer groups for the new products “Master Kong’s tour in China” are mainly the Generation Z and new town youth.

The consumer characteristics of these two groups are important because it can help the company design the new products and set the way of selling products.

3.3.2. Consumer Profile

The first consumer group is generation Z. According to the Chinese National Bureau of Statistics, Gen Z in China account for around 12% of total consumption in China. One key aspect of this generation is their cultural confidence. Displaying a natural affinity for traditional culture while still embracing modern trends. They are heavily influenced by social media platforms like WeChat and Douyin. Gen Z consumers in China are more technologically-savvy and embrace online shopping as a preferred method of purchasing. As a result, to effectively reach Chinese Gen Z consumers, it's important to utilize social media platforms [9].

The second consumer group is the new town youth. The family structure of new town youth is relatively stable, so they have more free time. Surfing the internet occupied about 70.7% of their free time. They love fashionable tendency and could be influenced easily by social media platform [10]. Compared with urban youth, the living expenses of small-town youth are lower. Higher education enabled them having more requirements on quality and service. Their purchasing ability and level keep increasing [11].

3.4. In-Depth Interview Analysis

The in-depth interview mainly included generation z and new town youth. They prefer the flavor and quality, not just the convenience. As a result, it would be helpful if the new products contain noodles from different cities.

In addition, when being asked if Master Kong can provide consumers an opportunity of tasting the authentic and healthy noodles without leaving home. Almost all the interviewees indicated the willingness of buying the new products.

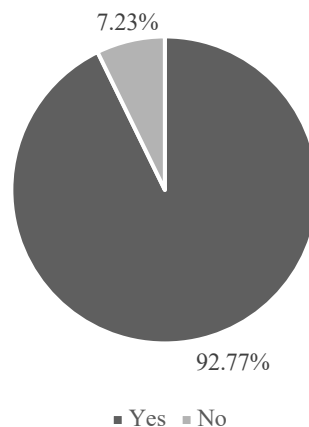


Figure 3: If the consumers are willing to try new products.

Figure 3 provides a strong consumers' willingness of trying the new products. Furthermore, the interviewees expressed they would also prefer to buy instant noodles offline like the supermarkets, convenience stores. As a result, in the long term, both online and offline should be used to sell the new products.

3.5. New Products

The new products solved problems mentioned above and some major factors were also included to satisfy consumers' requirements and preference.

The new series “Master Kong’s tour in China” contains two major products: A documentary “Master Kong’s tour in China” and six kinds of instant noodles from different cities in China called “Smell at homeland”. New products will convey two general ideas: “To protect and promote different noodle culture in China” and “Help the consumers taste the authentic and healthy noodles without leaving home.”

The “Smell at homeland” is a new series instant noodle. This series restored the original flavor of six kinds of noodles from different famous cities in China. They are Beijing Fried Sauce Noodles, Shanxi sliced noodles, Sichuan Dandan noodles, Lanzhou beef noodles, Wuhan hot dry noodles and Zhenjiang pot cover noodles. New technology improved the taste and made the instant noodle much healthier. What’s more, this new product has a totally new packaging design to satisfy the requirements of the new generations. For example, the city landmarks or representative building can be used as some elements.

The “Master Kong’s tour in China” is a documentary that recorded the process of the restoration. In order to make it useful for marketing and promotion. Four important parts should be included. Table 2 below shows the details of the four parts.

Table 2: Four important parts need to be included in the documentary.

1. In the process of visiting different places, how the company finally find the unique heritage and ingenuity of the craftsmen.	2.Master Kong’s history review and relevance while learning from artisans (health, pursuit and ingenuity as the core)
3.Discussion and research on the eating habits of contemporary young people and Master Kong’s outlook on new products (showing the heart and sincerity of consumers).	4.The technological breakthroughs in research and development of new products.

The documentary and new products need to be advertised and marketed properly. Knowing which shopping platforms these two groups use the most is important. Figure 4 below provides a visualization of the most frequently used shopping platforms preferred by Gen Z and new town youth.

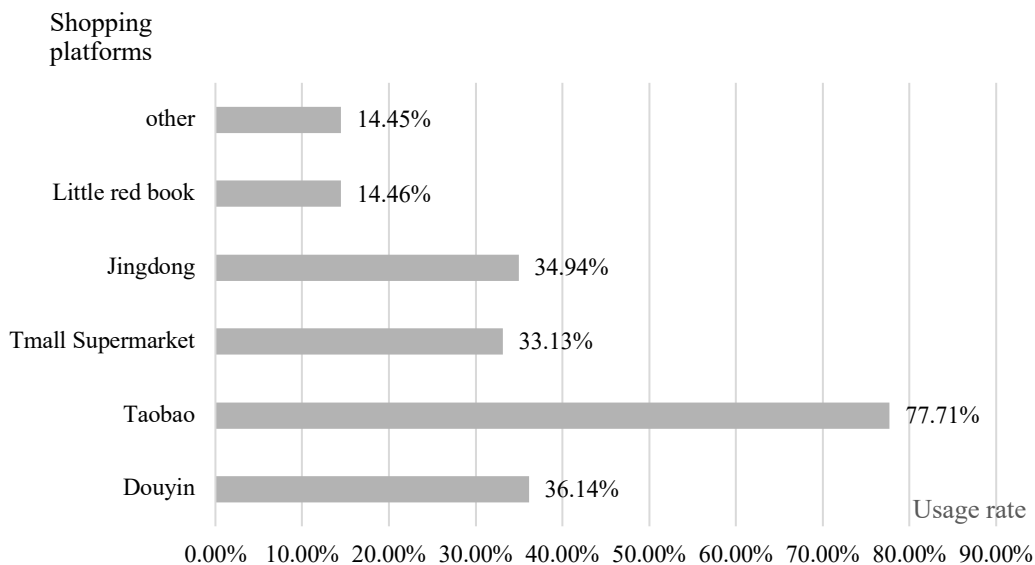


Figure 4: Shopping platforms Gen Z and new town youth use the most.

3.6. Marketing Method

At the initial stage of promotion, post the documentary “Master Kong’s tour in China” mainly on website and platforms like Douyin, Bilibili, Weibo and kuaishou. As attention rises, inviting some marketing accounts and KOLs to boost popularity. At the same time, launch new products “Smell at homeland” on shopping platforms like Taobao, Douyin, Tmall supermarket, Jingdong. If the consumers response is good, mass production should be started immediately. By utilizing existing offline sales channels to sell the new products, eventually achieve the long-term production and sales. And Figure 5 below shows a visualized process of the marketing.

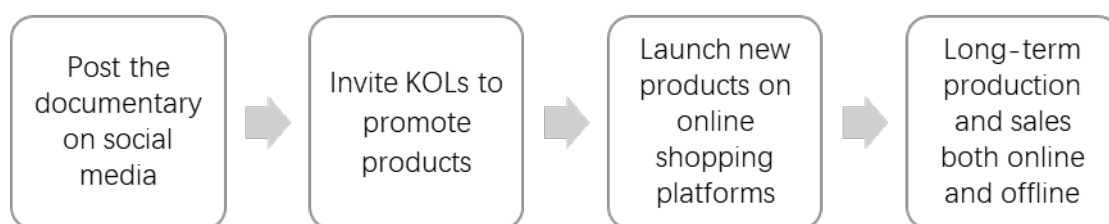


Figure 5: Flow diagram of marketing the new products.

4. Conclusion

Based on the existing study, also combining the data and results gathered from the online open questionnaire. New types of products with creative ideas may provide Master Kong with a chance to break through its bottleneck. The in-depth interview increased the practicability and feasibility of the new products “Master Kong’s tour in China”. Although the process of applying the plan into practice may have some difficulties. For example, sophisticated technology would be needed to improve the products, the process of researching and restoring the authentic flavor may be tough and so on. However, this study still has its own merits and significance. The final expected effect of this research is prospective, which can help Master Kong gain a more positive brand image. In the short run, new products can help Master Kong increase its popularity. As more generation Z and new town youth consumers dedicated into buying the new products. Master Kong may increase market share and win the customer trust. In the long run, it may lay a solid foundation for Master Kong’s transformation in the future.

Nowadays, thanks largely to the tremendous betterment of education and economy, the consumers would pay attention to many aspects of their own diet thus bring more challenges to instant food industry. As a result, the brands should have more research on consumers requirements and try to improve their products at different aspects. To sum up, the instant food industry and market still exist some problems need to be solved but as more researched progress they will no longer be a problem in the future.

References

- [1] Cui, X.M., (2022). *The instant noodles are no longer good, Tingyi’s profit plunged 39%*, China Economic Weekly.
- [2] Jeffrey, W., (2020). *The rise of Chinese style instant food*, PandaYoo.
- [3] Tingyi (cayman islands) holding corp, *Annual results for the year ended 31 December 2022*.
- [4] Zhang, F., (2023). *Research on the packaging design of light cooking instant food*, China Food Safety Magazine, 7, 189-192.
- [5] Lyu, A., (2023). *The fast-food market in China: rapidly rising domestic brands and evolving consumer tastes*, Daxue Consulting.
- [6] *Master Kong SWOT and PESTLE Ananlysis, 2023, SWOT & PESTEL*.

- [7] Peng, B., (2018). *Creative experience travel business plan of Chengdu college students*, *University of electronic science and technology of China*.
- [8] Duan, X.G, Du, L.H., Tan, Y., (2023). *The Research on Huawei Smart Car based on SWOT Analysis*, *Hebei Enterprise*, 6, 47-50.
- [9] *How to reach Chinese Gen Z consumers, 2023*, *Gentlemen Marketing Agency*.
- [10] Xiao, D.H., Xu, J.L., (2023). *From “nobody” to “Upstart consumer”*: *new town youth with both money and leisure*, *China Youth Study*, 6, 85-93.
- [11] Lin, Y., (2020). *Consumption insight of “New town youth”*. *China Advertising*, Z2, 112-115.