

Research on Target Audience Analysis and Marketing Strategy Optimization in Milk Tea Industry

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Abstract:

With the development of the times, people's lives are becoming busier and busier, and there is a growing demand for fast food, including the milk tea industry. Today's milk tea industry occupies a very large market share. Milk tea stores throughout the streets and lanes have become an indispensable part of people's social work, so the milk tea industry for people's influence has become more and more, but there are still many potential problems to be found and solved, so this paper will be related to the problem of the proposed recommendations and measures to solve the problem. The problems include audience, innovation, publicity, environmental protection, pricing, etc. Their solutions include expanding the audience, increasing publicity, reducing the use of plastics, and flexible pricing. By studying these issues, it is possible to solve some of the social and environmental problems, bring a better consumer experience to different groups of consumers, and increase the profitability of milk tea brands.

Keywords: Target Audience; Marketing Strategy Optimization; Milk Tea Industry

1. Introduction

1.1 Research Background

Nowadays, beverages have become an important part of people's daily diet, and more and more people are starting to drink beverages, especially milk tea. This is because milk tea become a daily dietary trend among young people. Therefore, young people's pursuit of milk tea has promoted the development of the milk tea industry. The market size of China's new tea drink will reach 333.38 billion yuan, an in-

crease of 13.5% in 2023, and it is expected to 2025 new tea market size of 374.93 billion yuan [1]. So, it shows that the tea beverage industry, including milk tea, is becoming increasingly important in people's daily lives, and it has huge potential to make lots of profits for society in the future. The target audience of milk tea is young people because young people have a high acceptance of new things, so they will be more willing to try new flavors and brands. Also, milk tea has become a social need for young people, and it has become the preferred beverage when young people have a party with their friends or have

a date with their partner because there are many flavors of milk tea for them to choose from, so, milk tea can satisfy everyone's needs. Besides, milk tea is convenient for young people who are very busy with their work or study because its preparation is quick, only takes a few minutes, and almost all of them have a delivery service. As a result, milk tea will not take too much time for busy young people. Hence, milk tea became the preferred beverage for young people.

1.2 Literature Review

Shi proposed that the milk tea firm should enhance its portfolio of products from The Four Ps of Marketing and highlight its products and services. Therefore, it will enable firms to form a strategic portfolio of products, and then it can ensure the strategic portfolio is implemented stably [2]. Yuan found that if the milk tea firm wants to be successful, then the most important part is to look for the drawbacks of the milk tea market and find practical solutions. It is also important to use the effective advertisement of products to promote products to people, launch diversified innovation of products, and use the milk tea brand's reputation and consumer loyalty to expand market share [3]. Shi proposed that there is fierce competition in the milk tea industry because there are too many players in this industry, which causes the potential of this market to be overexploited, so everyone perfects their own development, and they use multiple methods to meet the demand of the consumer. Also, all of these milk tea brands should pioneer new development directions. Overall, all of these developments of each milk tea brand promote the whole development of the milk tea industry [4]. Most of the articles focus on a market analysis of the bottled milk tea industry, future development models, and the milk tea industry package. However, very few scholars and articles have researched market segmentation issues, and there are many people who have not been targeted as potential consumers of milk tea. Moreover, the innovation of products for different target audiences is not mentioned either. Furthermore, scholars do not consider advocacy issues widely. Therefore, this article may focus mainly on how to optimize these issues and analyze the target audience of the milk tea industry by using a case description, analyzing potential problems, giving suggestions, and finally, the conclusion part of the article.

2. Case Description

Nowadays, the milk tea industry is developing rapidly. However, the milk tea industry still faces some challenges and problems. Despite the fierce competition in the milk tea industry, its market size is still expanding. More and

more competitors are joining because of the low barrier of entry to the milk tea industry, so there are many milk tea brands for consumers to choosing. There are not only famous and old milk tea brands but also many innovative and new brands. Because of many consumers of milk tea, the milk tea industry still has lots of room for growth. Furthermore, the rise of the milk tea industry has brought many employment opportunities for society because the milk tea industry offers plentiful job opportunities, which has reduced the social unemployment issue. In addition, digital equipment become widely used in the milk tea industry. Almost every milk tea brand utilizes automation equipment to help them increase productivity. People can also order a meal online or order a delivery service. Therefore, all of them increase the profit for the milk tea brand. Moreover, people pay attention to personalization, which means that they want to create the most suitable drink for themselves, so many milk tea brands offer extra milk tea ingredients for consumers to purchase. In the beginning, the target audience of milk tea was Asia, including Chinese Mainland, Hongkong, Taiwan, etc. But, as time went by, the milk tea industry became popular in Europe and America because the target audience of milk tea was increasing. The rapid development and publicity of milk tea enhanced the influence of milk tea. Also, the milk tea industry helps the cultures of the world blend because it combines different dietary habits. When Chinese milk tea brands are set up abroad, people can know more about of each other than before and know each other's dietary habits based on literal data or picture information.

3. Analysis of the Problem

3.1 Product Innovation Problem

Although today's milk tea industry is growing very fast and has brought huge economic benefits to this industry within a few years, most of today's products have similar flavors and do not stand out, so this will lead to consumers losing interest in them in the future and switching to other dietary preferences. The similarity of most product flavors is due to the low barrier to entry into the milk tea industry, so in the early years of the establishment of the time, almost none of the milk tea brands took the development of new products seriously, which led to all brands of products are extremely similar, and there is no special point of memory to get consumers to come to frequent.

3.2 Food Healthy Problem

People nowadays are more and more concerned about the health of food, and milk tea is a very unhealthy food with

high sugar and high-calorie content. People now believe in the concept of a healthy life. So milk tea brands are not only involved in the research and development of new products but also the research and development at the same time, taking into account the consideration of the product for human health issues.

3.3 Market Segmentation Problem

Nowadays, the milk tea industry targets its audience at young people but forgets the needs of children and the middle-aged. The common perception is that only young people love milk tea and can spend money on it independently. However, in fact, based on the level of consumption, middle-aged and elderly people have the highest level of consumption because they have a stable salary and savings or pension to support their pay. So, if middle-aged and elderly people are included in the audience, it will greatly enhance the revenue. In addition, although children do not have the ability to consume on their own, their parents, that is, middle-aged and elderly people, will be willing to pay for the products that suit them, so if the milk tea brand does a good job on the research and development of milk tea suitable for children to drink, then the scope of the target audience will be further expanded.

3.4 Advocacy Problem

Today's milk tea industry's marketing tools and new product promotions are only placed on online social media software, and their target audience is solely young people. However, based on the previous question about market segmentation, if the target audience is to be expanded, then the marketing tools should be increased, not just single with online social media. In this way, it is possible to attract more potential customers and increase the market share for milk tea brands.

3.5 Sustainable Development Problem

In recent years, the world has begun to pay attention to environmental protection and sustainable development issues, and consumers are also more concerned about the milk tea industry's environmental issues. The milk tea industry is fast food, so it usually uses plastic cups and plastic straws, but they cause strong pollution for the environment. Milk tea brands should find ways to develop and solve this major problem so as to reduce the production of plastic waste to achieve the current people's concept of environmental protection.

3.6 Pricing Problem

Milk tea is a globally popular beverage, enjoyed by people from all walks of life. However, many milk tea brands

tend to focus their marketing and product development on a specific demographic, often leading to uniform pricing across their menu. This approach, while efficient for targeting a particular group, limits the brand's ability to cater to the diverse preferences and financial capacities of a broader audience.

For instance, some milk tea brands may position themselves as premium products, appealing primarily to young professionals or middle to high-income customers. As a result, their prices are generally higher, reflecting the use of premium ingredients or a more luxurious brand image. On the other hand, brands targeting students or budget-conscious consumers may offer more affordable options but often limit the variety or quality of their products. This narrow pricing strategy creates a gap, as it does not accommodate the varying demands of different customer segments.

A one-size-fits-all pricing model cannot satisfy everyone. Consumers have diverse needs, ranging from flavor preferences to the amount they are willing or able to spend. To truly expand their market reach and appeal to a wider audience, milk tea brands could consider a more dynamic pricing strategy. Offering a tiered pricing model, with options for budget-friendly as well as premium, could allow brands to meet the expectations of different groups. This flexibility in pricing would make the brand more inclusive and adaptable, ensuring it remains competitive in a crowded market while better satisfying the diverse demands of consumers.

4. Suggestion

4.1 Solution for Innovation and Food Health Problems

With the increase in the number of milk tea brands, all milk teas have become similar, which results in becoming featureless to attract customers. Therefore, milk tea brands should try to be more innovative and release more new products to attract consumers' attention. For example, every two months, time-limited products are released to stimulate consumer desire to buy. Also, milk tea brands can be co-branded with different brands, and to launch Co-branded products and milk tea sold together, such as buying a cup of milk tea to send a bag of the co-branded brand, so as to achieve the effect of increasing purchasing power. Moreover, milk tea brands can design milk tea packaging with cartoon patterns to attract children, as well as design smaller cups to meet the needs of children who cannot drink too much. In addition, with the continuous development of the food industry, people for the health of the food has also increased, not only for the health of

the body but also for the body requirements of the people to improve. Female consumers are very concerned about their beauty and good figures, and the milk tea industry has not developed new products, especially for this aspect, for the time being. Therefore, milk tea brands can rely on this shortcoming to develop a drink that can be beautiful and can maintain a good body shape, like the reduction of sugar, the reduction of calories, or the use of sugar substitutes and other ways to achieve the purpose of beverage health, so as to meet the needs of more consumers for drinks.

4.2 Expand Target Audience

The milk tea industry's target audience is young people from 12 years old to 35 years old, so it has a limited revenue stream, and it doesn't make money from consumers of all ages [5]. However, according to the problem analysis, elderly people and kids can be the major consumer groups because they or their parents are willing to spend lots of money on them. As a result, milk tea brands should develop different types of drinks for different age groups so that they can drink what suits them. For example, low-caffeine milk tea for children can be developed by reducing the proportion of tea in milk tea so as not to affect children's sleep as well as designing low-sugar, light-flavored drinks for the elderly, as most of them have some underlying diseases such as diabetes.

4.3 Expanding Marketing Tools

In line with the recommendation of offering different types of milk tea to suit different age groups, it is also important for milk tea brands to diversify their marketing strategies [6]. Currently, most brands focus heavily on social media platforms like TikTok and Instagram to reach their audience. While this approach is effective for engaging younger consumers, it leaves out other key demographic groups, such as older adults and parents with young children. Social media platforms are predominantly used by the younger generation, meaning that older adults and children are less likely to encounter new information about milk tea products through these channels.

To address this gap, milk tea brands should broaden their scope of publicity to appeal to a wider audience. For instance, they could advertise their healthy milk tea options on television programs that cater to older viewers, such as health or lifestyle shows, or on LED billboards in public spaces, which are frequently seen by people of all ages [7]. This approach could draw older consumers into the brand by highlighting the health benefits of their products, thus encouraging them to give milk tea a try.

Additionally, to reach parents and children, milk tea

brands could increase their advertising efforts in places where parents are likely to frequent. This could include placing advertisements in baby channels on TV or near children's activity centers such as educational institutions, playgrounds, or even at children's training classes. By promoting milk tea in environments where parents are present, brands can attract the attention of this demographic, encouraging them to purchase milk tea for themselves and possibly for their children. Expanding marketing efforts beyond social media ensures that milk tea brands can reach a broader, more diverse audience, increasing their market share and consumer base.

4.4 Solutions for Reducing Plastic Use

Environmental sustainability is an increasingly important issue, and the excessive use of plastic in the beverage industry is a growing concern. Milk tea brands, like many others, contribute to the plastic problem through the use of plastic cups, straws, and packaging. To combat this, milk tea brands should adopt environmentally friendly alternatives, such as biodegradable straws and cups, which would significantly reduce their plastic footprint [8,9]. These eco-friendly materials decompose more easily and are less harmful to the environment, offering a responsible solution for waste management.

Another issue is over-packaging. Many milk tea brands use excessive layers of packaging, including plastic wraps and decorative elements that, while visually appealing, add unnecessary waste. Reducing the packaging to a single, minimalist layer would not only lessen the environmental impact but also simplify the product for consumers, making it more convenient to carry and enjoy. By cutting back on packaging materials and adopting biodegradable options, milk tea brands can position themselves as environmentally responsible, which is increasingly important to today's eco-conscious consumers. This strategy can also serve as a marketing tool to attract customers who value sustainability.

4.5 Solutions for Pricing Problem

Pricing is a critical factor in the success of any product, and milk tea is no exception. The current trend of fixed pricing fails to cater to the varied economic capabilities of different consumer segments. To solve this issue, milk tea brands can implement a more flexible pricing strategy that combines tiered pricing with promotions and discounts [10]. By offering a wider range of prices, brands can appeal to a broader spectrum of customers, from those looking for budget-friendly options to those willing to pay for premium offerings.

One effective method is to introduce bundle pricing,

where multiple items are sold at a discounted rate. For example, if one cup of milk tea is priced at 20 yuan, offering three cups for 50 yuan would encourage bulk purchases and increase overall sales. This not only attracts price-sensitive consumers but also incentivizes larger orders, which benefits the brand.

Moreover, milk tea brands should remain agile and responsive to market changes, adjusting their prices based on factors such as seasonality, ingredient costs, and customer demand. Regular promotions and seasonal discounts can also stimulate consumer spending, keeping the brand competitive and relevant. Sales staff can play a crucial role by interacting with customers to recommend drinks that match their taste preferences and budget, enhancing the overall customer experience.

Incorporating a flexible pricing strategy will not only make milk tea more accessible to a wider audience but also allow the brand to better compete in a crowded market. By offering a variety of price points and promotional deals, milk tea brands can boost sales, attract new customers, and build stronger relationships with existing ones.

5. Conclusion

Although the milk tea industry has grown tremendously, there are still many shortcomings, including but not limited to issues related to food innovation, food health issues, limited target consumers, limited promotional methods, sustainable environmental issues, and pricing issues. These problems can be solved through a number of means. First of all, milk tea brands can be customized for different consumer groups. It is for consumers to design products to meet their different needs and advertise new products in different ways so that all potential customers can be the first to receive the new news. Secondly, the use of biodegradable straws and paper cups can reduce the problem of plastic pollution to the environment. Finally, by customizing different prices for different consumer groups, all consumer groups can afford to spend for it. Today's milk tea industry makes up a large portion of the food industry, so addressing these issues can expand the consumer base and increase profitability for milk tea

brands, as well as reduce social and environmental issues. Even though this essay writes about many problems with their solutions, there are some limitations at the same time. This paper lacks the use of primary data and mainly uses secondary data, which can be obtained through surveys and interviews in future research to make the article more convincing.

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