

Research on Marketing Strategy of Chinese Confectionery Industry

—Take Alpenliebe Candy Brand as an Example

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Abstract: This study pays attention to the unique marketing strategy of the Alpenliebe Confectionery brand and how it has succeeded. It is very important to study this topic because its marketing means can bring inspiration and creativity to many small and medium-sized candy enterprises in China. The reason for writing an paper is that this topic is well-worthy to make an research and it is interesting for me to talk about the candy confectionary phenomenon. The article focuses on prominent STP and SWOT analysis and gives some suggestions on its strategies. Although there are no fatal drawbacks to make lots of suggestions, it is better to focus on the secret of success of Alpenliebe and insert this experience to motivate other small but fashionable brands to imitate, which helps them attract more target consumers. The brand of Alpenliebe is well-worth to do the research and make it into the paper. Finally, it is necessary to conclude to make the content full enough.

Keywords: marketing strategy, Chinese confectionery industry, alpenliebe candy

1. Introduction

This paper will first introduce the history of the Alpenliebe brand and its business value. Secondly, it will focus on the brand's strategies and some experience to help them succeed in the market. Finally, the paper will be written by analyzing the SWOT of this company as well as the 4Ps and give some useful suggestions to other small companies. In 1994, Bufanti Italia, which has nearly 50 years of brand history, officially invested and established Bufanti Italia (China) in Shanghai, China, to enter the Chinese confectionery market. At that time, the Chinese confectionery market was already occupied by several major domestic brands, and compared with many competing confectionery brands, Alpenliebe, as a foreign brand, did not have a solid customer base. What's more, the domestic confectionery brands, both large and small, did not leave much room for the Alpenliebe regarding price and public awareness. For example, its competitor, White Rabbit, a local brand focusing on the production of milk candy, is recognized by many consumers for its affordable price and professional quality; Xiang Fu Chi, a Taiwanese candy brand, entered the Chinese mainland in 1992, with a combination of Chinese and foreign to create a variety of candy types, such as plum candy, sandwich candy, children's candies and so on. After that, they quickly spread throughout China. There are also more unknown candy brands to fill the market vacancies with its low price and mature technology.

In this case, gaining research knowledge and learning how to stand out and beat its competitors is more important and necessary.

In recent years, the global annual per capita consumption of candy has been about 3 kilograms, while China is only 0.7 kilograms, so China's confectionery market has great potential for development. There are more than 2,000 confectionery enterprises in China, of which 230 have annual sales of more than 5 million yuan, so it can be said that the competition is quite fierce. To stand out in the fierce competition and establish brand influence, it is crucial to launch differentiated products. Therefore, the market outlook for Alpenliebe lollipops has huge potential. ChaYi proposed some updated and innovative strategies from published articles to help Alpenliebe stand out and become a more successful brand [1]. Also, other people found the brand's identity and position of its target customers, saying that their candies are healthy and green. Their target consumers are mostly teenagers and kids who are easily distracted by various candies [2]. In this case, the purchasing power increases, and the company profits more. Moreover, the Alpenliebe has slogans and advertisements to create a peaceful and loving atmosphere to attract its customers, such as the Alpenliebe, whose slogan is 'a lifetime with you'. There is 90% recognition and a 30% increase in sales of Alpenliebe within 6 months through an advertising campaign. In contrast, there is little research about SWOT analysis and STP strategies to deeply analysis the brand. Because there is a little problem with the branding strategies, it is better to research how Alpenliebe succeeds by giving some data and facts.

2. Case Description

The paper focuses on the Alpenliebe brand in the candy industry because it is significant for people to find out some special marketing strategies behind the brand that make its brand cost-effective and successful. After finding these amazing strategies that the Alpenliebe use, people are able to exert their brand or company. First born in 1984, Alpenliebe Milk Candy was the only candy on the Italian market rich in milk flavor and smooth. Its classic rich milky flavor, derived from traditional European homemade sweets but with a smooth body that allows consumers to experience different textures while tasting it, captured the hearts of Italians, young and old, right from the beginning. Bufanti named this classic milk candy Alenliebe. At the beginning of its birth, it wanted to be the candy that brings love to people, but due to the emergence of more and more competitors in the candy industry, the idea of delivering love and sweetness no longer seems to attract the eyes of consumers. So, in recent years, Alpenliebe Candy began to change its brand tone, from the previous delivery of love to the current theme of New Year's home to visit family and relatives. Since then, the Alpenliebe brand in the Spring Festival of 2019 aired an advertisement that fits the theme of visiting relatives and family to cater to consumer psychology, attracting the public's attention to make Alpenliebe candy more popular and loved by consumers, at the same time, Alpenliebe Candy Company began to introduce new candy flavors for consumers to buy. In order to increase the sales of the company, they use the celebrity effect to promote the brand vigorously. The celebrity endorsement campaign went very well, with over 400 million followers and 8.1 million discussions. What's even more exciting is that the star's official Tmall live broadcast had 2,588,000 views, and the Alpenliebe flagship store jumped to the top of the list of the top 10 confectionery outlets in 2020 [3].

After changing its brand strategy, Alpenliebe candy sales in China have been impressive. As Alpenliebe continues to innovate and keep up with the trend, the brand has carried out cross-border marketing and turned to rejuvenation, from the original 80's consumers to the current 95 00 as the main consumer groups. In fact, Alpenliebe never stops developing candy flavors, and in 2020, Alpenliebe launched a new fruit-flavored gummy candy product, Fruitful Chewy Gummy Candy. Alpenliebe Fruity Chewy Gummies are available in three flavors: strawberry, pineapple, and grape. Importantly, Alpenliebe Fruity Chewy Gummies are made with real fruit juice, which has a pure fruity flavor and is chewy and chewy without sticking to consumers' teeth. Both in terms of flavor

and texture, it gives a great experience. Through the launch of co-branded products with LELO Tea, to create unprecedented Netflix products, the introduction of Netflix, and the celebrity effect, Alpenliebe Candy Company successfully entered the young people's camp, is the brand into the fashionable, youthful track.

3. Analysis of the Problems

3.1. Current Development of Alpenliebe' Branding Strategies

BUFFANTI VAN MELLER in China is a strong, resourceful, and technologically advanced company. It has more than 2,000 employees and two production factories, high-quality and innovative products, strong marketing operations, and a good management team. At the same time, Alpenliebe has many flavors that satisfy many consumers' needs.

On different occasions, consumers also have different needs; for example, in a wedding ceremony, the purchase of Alpenliebe candy is very likely because the brand itself is to convey a kind of love and sweet sales concept. Some major Chinese traditional festivals will also buy a lot of candy, and Alpenliebe candy is very suitable for consumers to buy the concept due to the category's diversity. Also, there are some advantages for Alpenliebe company to increase its profits. The first way is implementing wide-channel sales. Find as many intermediaries as possible to carry out sales so that consumers can buy products anytime and anywhere and leave a good impression on these consumers. And then the implementation of the vertical distribution system. Sell by enterprise, wholesaler, and retailer one by one, try to expand the sales surface. Implement consultant-type sales can also be an important method; they care about what consumers need, understand what kind of products they want, and what better suggestions and improvements they have for the products on the market now. The last benefit is implementing an online and offline - two-pronged sales approach. Alpenliebe Candy offline stores do not have salespersons but only display their candy categories for consumers to taste and shop to promote purchasing power. All payments can be made online; fill in the basic information. And they can receive their purchases the day after they place the order. This saves the company money and makes for a pleasant experience for the consumer.

3.2. SWOT Analysis and STP Strategies for the Alpenliebe

3.2.1.STP Analysis

First of all, it is necessary to make the STP strategies of the Alpenliebe. STP is divided into three parts: segmentation, targeting, and positioning. For segmentation, Alpenliebe should divide its target customers into different groups according to age, preference, gender, etc. Each group has different candies adapted to different ages, preferences, and genders. This will enable consumers to select the most suitable products for themselves and become loyal customers of the Alpenliebe candy brand. For targeting, companies should determine their target consumers. Sometimes, early adopters are not always their target consumers, and target consumers can change as time passes. For positioning, Alpenliebe should change its brand positioning to the most suitable one to attract customers and create some channels to make the Alpenliebe candy widespread. The next step is to analyze the SWOT of the brand Alpenliebe.

3.2.2.SWOT Analysis

(1) Strength analysis

The Alpenliebe has a high reputation in China and has more mature marketing channels. It has been two or three decades of history since he entered the Chinese market in the 20th century,

around 1990s, it has been two or three decades [4,5]. Because of the continuous innovation, research, and development of the Alpenliebe candy brand, more and more young people and teenagers like and are willing to try a variety of Alpenliebe candy categories such as fudge, lollipops, and so on.

The packaging is exquisite and novelty. Each flavor has a different packaging, which largely attracts the favor of consumers. The Alpenliebe candies are attractively packaged in brighter, eye-catching colors, and a picture of a snow-covered Alpenliebe Mountain accompanies each.

(2) Weakness analysis

There is a high degree of homogenization of the candy industry in the market; the competition is fierce. The variety of candy substitutes, such as White Rabbit, XuFuChi, and so on, has increased. The Alpenliebe is facing superior competition with domestic companies like White Rabbit because some people would be more likely to support domestic goods.

The increase in production costs, especially raw material growth, is too high because of the increasing inflation rate. In this case, the Alpenliebe's price must increase if the company wants to earn more money and make profits.

Alpenliebe is a candy series that leads to higher sugar content, and it is unhealthy. In order to maintain the taste of the candy, they put a lot of additives and preservatives in the candy-making process, which can affect the consumer's body. Also, consuming too much sugar can cause people to develop diabetes and other major and minor diseases. These diseases can lead to a loss of appetite and decreased immunity. That's why more and more people are giving up sugar. Also, that's why lots of people are not willing to purchase the Alpenliebe at present in order to keep fit and become a healthier person.

(3) Opportunity analysis

From the life cycle theory, candy in the product growth period, China's confectionery market development potential is huge for many old and fancy companies because they have already gained some experience in managing their brand successfully. Candies can be made into many categories; for example, the Alpenliebe can be chewing gum, gummies, and jumping jacks to attract more and more new customers to buy their unique products. That's why China's candy market has great development potential and many consumer groups.

What's more, it is uncommon for people to use the Alpenliebe as wedding candies. In this case, candy companies have not occupied the wedding banquet market, which means the market potential is huge.

(4) Threat analysis

There are more and more market contenders, and the existing veteran enterprises, such as XufuChi, Ma Da Sister, Golden Monkey, etc., are flourishing but not declining because they try to use some updated strategies such as Celebrity selling effect, merchandise discounting strategy, complementary products effects.

Brands began to fight a "price war". Once a brand sells its candies at a lower price, the other company tries to make a price much lower than its competitor to increase consumers' purchasing power because the company is unwilling to have many stocks in its warehouse. Also, they may make some discounts to satisfy people's needs and desires. Some implements are published to make a higher promotion.

Consumers are slowly eliminating sugar consumption as people pay more attention to health. This is mainly because consuming more sugar harms people's health, and many people may get diabetes and other irreversible diseases.

The booming development of leisure food has impacted the sugar market. So, more and more people would like to eat some leisure snacks that are healthy and cheap.

Some suggestions might benefit other small brands to learn special advantages from the Alpenliebe.

4. Suggestions

4.1. Make the Product Healthy

Nowadays, both men and women, younger and older people, are very concerned about their health; based on this kind of market, no matter what Alpenliebe Candy merchants do, such as promotional activities or co-branding campaigns, are not of any substantial use. These creative products will only be popular a week or two after launching. After that, the heat will slowly fade away as time goes by. What's worse, more and more parents are against and boycotting their children's consumption of candies because the coloring and other substances inside them are unimaginably bad for the children's health. In this case, the Alpenliebe candy brand should withdraw some low-fat, health-oriented products and candies to continue attracting consumers. At the same time, they should add the element of fruits to make their products visually as well as audibly play a healthy role. This will make consumers want to continue to buy products from the Alpenliebe Candy brand. The Alpenliebe brand can also be transparent about making candy and send out this candy-making process through a promotional video to attract the public's attention and gain consumers' trust.

4.2. Make the Price More Affordable

Alpenliebe Candy Company can use a price bundling strategy where it will use two packs of co-branded candies with a pack of mediocre-selling candies to entice consumers to buy them at a lower price, thus whetting their appetite for spending. Customers who have already purchased two generations of lollipops can send a free pack of co-branded candies to increase customer loyalty. Second, the company can introduce a membership card mechanism; when customers buy a certain amount of Alpenliebe with the same series of candy, the business can be discounted or sent the "50 yuan within the whole field of free purchase" coupons to improve the purchasing power of consumers in this way.

4.3. Make the Product Channels Diversified

Alpenliebe Candy Company can broaden its distribution channels and sell its products to as many retailers as possible, ensuring consumers can purchase candy whenever and wherever they want to maximize their satisfaction [6,7]. At the same time, the company can also adopt online wholesale and sales to sell candy. The company can use Shakeology as a platform to promote its products and sell them at low prices through live streaming. Alpenliebe candy can also start selling in other famous countries to increase its sales and let more people know about the Alpenliebe candy brand.

4.4. Repositioning the Consumer Demographic

The company should focus more on elementary and middle school students ages 7-15 and high school and college students ages 16-22. They are the main consumers of the new-generation candy market. The company needs to focus on the candy's appearance, packaging, and quality for these two groups of people. Make the product diversified and personalized. The company can launch personalized candy-making activities for the public to experience and make; they can carve their favorite words on the candy and draw their favorite patterns. Even if they can do their favorite candy flavor, this activity can give consumers a good experience. For children under six years old, the company should use special materials to make candies with different shapes, which should be rich in nutrients children need. For some people over 23 years old, the company does not need to make a big change in the pattern or shape, but needs to use some special mood to impress this kind of consumers, conveying the concept of Alpenliebe candy and the warm reunion atmosphere [8,9].

4.5. The Secret of Success of Advertising in Spring Festivals

Continuing the Chinese New Year marketing theme of “Let your heart go home, give out a candy for love” in previous years, Alpenliebe, in conjunction with Ren Xianqi, whose warm-hearted image is deeply rooted in people’s hearts and whose attention continues to rise, launched the brand’s Chinese New Year microfilm “Gathering Together for a Sugar”, and launched a series of social marketing activities to deliver the brand’s good wishes to the audience on the occasion of the New Year. This wave of activities of Alpenliebe, which is not sensational but empathetic, heartfelt, and sincere, has earned enough traffic, momentum, and word-of-mouth, laying the foundation for the confectionery industry in Chinese New Year marketing.

It is understood that the Alpenliebe New Year microfilm on the line in two weeks playback has exceeded 140 million and harvested many audiences praise. It is worth mentioning that before the release of the microfilm, Alpenliebe took the lead in releasing a 15-second advertisement online, interpreting the four typical scenes of Spring Festival, namely “all people, all food, all year-end flavors, and all wishes”. It not only brought the audience to the atmosphere of Chinese New Year in advance but also gathered people’s expectations for the movie through the long-lasting and effective warm-up and then utilized the influence of celebrities to make the subsequent microfilm to form a higher degree of dissemination.

4.6. The Secret of Success in the Creation of New Products

The upgraded lollipop products of Alpenliebe are upgraded from the original classic creamy flavor, and for the first time, lollipops with added DHA algal oil are introduced. Relevant data from the China Business Industry Research Institute (CBIRI) in August 2020 shows that China’s mother and baby DHA algal oil market size continues to grow against the backdrop of consumption upgrading, with the mother and baby DHA algal oil market size of 3.193 billion yuan in 2014, increasing to 6.586 billion yuan in 2019, at a CAGR of 15.6%. Supported by China’s stable and sound economy as well as the growth in the number of newborns, the maternal and infant DHA algal oil market is expected to continue its upward trend. It is projected to increase to RMB 11.957 billion by 2023 [10].

5. Conclusion

5.1. Key Findings

It is valuable to write this paper and gain some knowledge about marketing by discovering the unique strategies that Alpenliebe uses and how they effectively attract their target consumers. The most unexpected thing that Alpenliebe does is make a short movie during the Spring Festival to warm their clients and achieve sales.

5.2. Research Significance

The paper has a significant value in boosting the development of the confectionery industry. Many small candy companies can use different strategies suitable to their brand. Also, the research on Alpenliebe displays that the confectionary industry has the potential to increase sales and attract more clients. This paper solves the problem of price, product, and channels that benefit the confectionary market. Eventually, the reason why the author chose this topic is mainly because the company is changing its strategies all the time in order to meet the consumer’s desire. It is good for small brands to learn the secret of success and adopt some suitable strategies. In this case, these small and emergent brands are able to beat and fight against successfully with their competitors.

5.3. Limitations and Future Study

The limitation of the paper is that this study uses a lot of secondary data and does not have any primary data. The study should contain some survey or questionnaire which is not objective. For the future study, it is better to get the primary data by doing the survey, collecting the information, etc. In this study, there are lots of drawbacks that need to be improved in some way.

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