Market Strategy of Mengniu Dairy in China From a Deep Approach

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Abstract: With its own superior marketing strategy, Mengniu Group rose rapidly in China’s dairy enterprises, ranking from 1116 to the second place, so Mengniu’s marketing strategy is worth studying and reference. This paper aims to analyze the marketing strategy of Mengniu from the four dimensions of product, price, channel and promotion in the form of theory, questionnaire survey and analysis report, deeply analyze the advantages and disadvantages of Mengniu in the market competition, and give corresponding countermeasures. This paper combines the needs of customers to optimize the marketing concept of Mengniu, which can not only adapt to the needs of customers, but also take the initiative to create demand. I hope that the enlightenment summarized in this paper can deliver some inspiration and help to domestic enterprises.

Keywords: Marketing; Product strategy; Channel strategy; Deep perspective

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1. Introduction

(1) Rationale of the research

Market strategy has the fundamental goal of increasing market sales and achieving a sustainable competitive advantage. Market strategy includes all basic, market analysis, short-term and long-term activities in the field of market that deal with the analysis of the strategic initial situation of a company and the formulation, evaluation and selection of market-oriented strategies and therefore contribute to the goals of the company and its market share objectives. A market strategy will

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help you focus. It will identify the different ways you can talk to your customers, and concentrate on the ones that will create most market sales.

Nowadays, people pay more attention to healthy diet, green food become more and more popular. Mammalian breast milk fluid secreted the full range of nutrients, high content. Currently on the market of milk and goat's milk, milk can be processed into a variety of dairy products such as milk, yogurt, cheese and butter and so on. With the improvement of people’s living standards, dairy industry accounted for important share of the food market. People buy quickly after consumption and repeats the consumption of goods, different from appliances, automobiles and so on.

Dairy industry sales in 2011 reached 171.75 billion Yuan, total profit is 8.9 billion Yuan. China’s leading dairy companies consists of Inner Mongolia MengNiu Dairy Co., Inner Mongolia Yili Dairy Co., Ltd., Bright Dairy Co., Ltd., Beijing Sanyuan Dairy Co., Ltd., and Heilongjiang Wanda Dairy Co., Ltd, Xi’an SBG Dairy Co., Ltd and so on.

MengNiu Dairy Co., Ltd was found in August 1999, it was headquartered in economic zone of Hollinger country in Hohhot city, Inner Mongolia. During the last 11 years, MengNiu Group has grown to a big company which has total assets of more than 141 billion Yuan, nearly 30,000 employees, and became a large-scale dairy processing enterprise which can have annual production capacity of 6 million tons. Currently, MengNiu Group has established also 19 provinces and autonomous regions in China with total 29 production bases, which have liquid milk, yogurt, ice cream, milk, cheese, five series over 400 items, products with excellent quality coverage of the domestic markets and also expected to United States, Canada, Mongolia, Southeast Asia and Hong Kong and Macao and other countries and regions. its main competitor is yili Group in China. And Mengniu Ltd is working hard in order to enter the world top 20 before 2011.

Due to these facts, I have chosen the topic “Market strategy of Mengniu dairy in China” for my graduation thesis.

(2) Objectives
This graduation thesis aims to analyze that how MengNiu group achieved success in market and get such a big customer groups. According to the analysis, and give some proposals for its future development.

(3) Study subject and scope
The area of the research is market area, and the thesis will also be focus on the other factors of MengNiu group, like product, promotion, advertisements, competition, and communication and so on. The scope of thesis is the development of Mengniu dairy in the market of China, not included to foreign country. Make use of Mengniu’s existing information and investigation of market, analysis of
Mengniu’s market strategy in China.

(4) Research methods
The next step is for graduation thesis to select what research methods will enable thesis to collect the data that thesis needs to answer research question. The thesis is unlikely to know about all the available methods, so the thesis needs to give enough information to make an informed decision. Here is a brief outline of the main methods that thesis could use:

- Collect figures and information from various sources (reports, eBooks, websites, newspaper…)
- Conduct statistics, aggregate all information collected.
- Analyze all of figures and information collected, and then come to the conclusion.

(5) Structure
Chapter 1: Literature review on market strategies
Chapter 2: Research methods
Chapter 3: Market strategies at Mengniu Dairy
Chapter 4: Some recommendations for Mengniu Dairy

2. Literature Review on Market Strategies

(1) Concepts of market
This chapter will give an explanation about market and market strategies. A market is one of the many varieties of systems, institutions, procedures, social relations and infrastructures whereby parties engage in exchange. In mainstream economics, the concept of a market is any structure that allows buyers and sellers to exchange any type of goods, services and information. The exchange of goods or services, with or without money, is a transaction. Market strategy is refers to the ratio of the overall marketing business plan in a complex market environment, in order to achieve their business objectives and development (Cohn, 1970).

1) Market definition
Markets establish the going rates for goods and other services, which sellers determine by creating supply and which buyers determine by creating demand. A market is a focal center for the distribution of goods and resources within a society, though they are not always deliberately created. Markets may emerge organically or as a means of enabling ownership rights over goods, services and information. When on a national or other more specific regional level, markets may often be categorized as “developed” markets or “developing” markets, depending on many factors including income levels and the nation or region’s openness to foreign trade.
Markets vary widely for a number of reasons, including the kinds of products sold, location, duration, size and constituency of the customer base, size, legality and many other factors. For example, the term black market refers to an illegal market. Yet, like markets in general, a black market can be a physical market where illegal goods are traded in person or a virtual market where illegal goods are traded with relative anonymity. A variation on this is a grey market, which is an unauthorized or unofficial locus of trade through channels that are otherwise legal (Cohen, 2004).

2) The role of market

The market as a discovery process of knowledge is a theme that runs deep in Austrian economics. The knowledge which would enable a better coordination of individuals’ plans is dispersed or non-existent. Entrepreneurial competition is the process by which this knowledge comes to be revealed and used. The market as a feedback process is the other side of the discovery process coin. The discovery process cannot take place without the existence of pure profits: they are the incentives for discovery. Profits and losses are the sorting mechanism, which helps weed out good entrepreneurial ideas from bad ones. This presupposes institutions: the law of property and contract – as it evolved in the English Common Law for instance. The market as providing governance is a more recent theme now explored by many young scholars. This is the idea that self-governance emerges from market relations (Chandler, 1986).

3) Market classification

Market can be classified on different basis. There are different types of markets on the basis of geographical area, time, business volume, nature of products, consumption, competition, seller’s situation, and nature of transaction etc. as follows:

- Local market: The market limited to a certain place of a country is called local market. This type of market locates in certain place of city or any area and supplies needs and wants of the local people. Perishable consumer products such as milk, vegetables, fruits, etc. are sold and bought in local markets.

- Regional market: The market which is not limited to a certain place but expanded in regional level is called regional market. Mostly, food grains such as wheat, paddy, maize, millet, sugar, oil, etc. are bought and sold in such regional market.

- National market: If buying and selling of some products is done in the whole nation, this is called national market. The products such as clothes, steel, cement, iron, tea, coffee, soap, cigarette, etc. are bought and sold nationwide.

- International or global market: Market cannot be limited to any geographical border of any country. If the goods produced in a country are sold in different
In countries, this is called international market. Today, not any country of the world is self-dependent. All the countries are exporting the goods produced in other countries. The market of some goods such as gold, silver, tea, clothes, machines and machinery, medicines etc. has spread the world over.

- **Commodity Market**: The market where consumer and industrial commodities like clothes, rice, machines, equipment, tea, soap, fruits, vegetables etc. are bought or sold is called commodity market. In some market only certain special commodities are bought and sold and in some other different consumer commodities are bought and sold.

- **Financial Market**: The market and financial instruments is called financial market. In such market, money, shares, debentures, treasury bills, commercial papers, security exchanges, loan giving or taking etc are dealt. Dealing of short-term fund is called money market and dealing of long-term fund is called capital market (Judd, 1963).

**2) Concepts of strategy**

The strategy of an enterprise is the action plan drawn up by its management to handle the operations and business activities of the company. The development of the strategy represents an effort of a series of actions finalized to increase the volume of business, to attract and satisfy customers, to compete successfully on the market, to carry out operational tasks and improve financial performance and market enterprise, the corporate strategy focuses on the ways how management intends to increase the volume of business, customer loyalty, to beat the competitors, and how the single functional areas of company have to cooperate in order to enhance the performances. A strategy has a better chance of success when it is based on new initiatives, competitive moves and business approaches aimed at creating a lure for buyers to distinguish the company from competitors or creating its own market position. Moreover, a successful strategy must contain distinctive characteristics able to attract customers and generate competitive advantage (Liddell&Liddell, 1967).

1) The role of strategy

A strategy consultant’s role is to provide companies with advice on their goals and future direction so that they can plan effective strategies for growth. These consultants use expertise, industry experience and analysis to help their clients identify strategies that will increase revenue and market share by improving competitive advantage. Strategy consultants can help companies grow faster and increase the value of their business.

a) Framework: Strategy consultants provide a company’s management team with a framework for making effective decisions about their direction. They provide a way of thinking about how to deal with the future and a process to
guide decision-making, according to Interfile Consulting Group, in a White Paper entitled "The Changing Role of Strategy." Strategic consultants participate in initial meetings with the company’s management team to establish the requirements of the consultancy project, prepare a proposal, and carry out research, analysis and assessment of growth scenarios and options. The independent perspective as a strategy consultant and the detailed recommendations in the report enable a management team to make more informed decisions.

b) Focus: A key role for strategy consultants is to help companies define what they do and identify their capabilities, strengths and weaknesses as a basis for going forward. Business strategy and management consultancy Method Frameworks points out in "Today’s Definition of Strategic Planning," an article on its website, that if a company cannot explain what it does, it cannot expect the market to understand its capabilities. Consultants examine the company’s product range, the skills of its employees, its customer base and its marketing communications to build a picture of its current capabilities.

c) Options: Strategy consultants help management teams compare their current capabilities with market opportunities. They analyze a range of opportunities, compare market requirements with the company’s capabilities and set out a range of options. The options might include developing or sourcing new products, expanding into wider geographical territories or entering new market sectors. For each option, consultants highlight the associated risk and identify the changes required for success.

(3) Market strategy analysis

1) Concept of market strategy
A market strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. A market strategy should be centered on the key concept that customer satisfaction is the main goal. A market strategy is most effective when it is an integral component of corporate strategy, defining how the organization will successfully engage customers, prospects, and competitors in the market arena. Corporate strategies, corporate missions, and corporate goals. As the customer constitutes the source of a company’s revenue, market strategy is closely linked with sales (Luck and Prell, 1968).

2) Market strategy framework: Ansoff model
This model is essential for strategic marketing planning where it can be applied to look at opportunities to grow revenue for a business through developing new products and services or "tapping into" new markets. So, it’s sometimes known as the ‘Product-Market Matrix’ instead of the ‘Ansoff Matrix’ (Ansoff, 1988). This focus on growth means that it’s one of the most widely used marketing models. It is used to evaluate opportunities for companies to increase their sales through
showing alternative combinations for new markets when doing strategy analysis, business strategy, models & techniques is an important part of your job. Business transformation and process adaptation are integral towards the competitive survival of business enterprises. The dynamics of strategy analysis play a vital role in ensuring that strategic plans for transformation are developed properly and implemented efficiently. Market strategy has four contents, including market penetration strategy, marketing, product development, market development and product/market diversification. The Ansoff Matrix was developed by H. Igor Ansoff and first published in the Harvard Business Review in 1957, in an article titled "Strategies for Diversification." It has given generations of marketers and business leaders a quick and simple way to think about the risks of growth. Sometimes called the Product/Market Expansion Grid, the Matrix (see Figure 2.1 below) shows four strategies can use to grow. It also helps company analyze the risks associated with each one. The idea is that each time company move into a new quadrant, risk increases.

![Ansoff Matrix Modal](source=http://www.businessfied.com/wp-content/uploads/2012/08/Ansoff-Matrix.gif)

Figure 2.1: Ansoff Matrix Modal

The Ansoff Matrix is a strategic planning tool that provides a framework to help executives, senior managers, and marketers devise strategies for future growth. It is named after Russian American Igor Ansoff, who came up with the concept. The Ansoff Matrix is used as a yardstick in formulating plans when deciding to choose a market or product growth strategy. The matrix has proposed four different growth strategies (Yin, 2016).

3) Market penetration

Market penetration although it can be performed throughout the business’s life, it can be especially helpful in the primary stages of set up. It helps establish the businesses current station and which direction it needs to expand in to achieve
market growth. Successful outcomes stem from careful monitoring by key staff and leaders. Market penetration can also be helpful when sales are proving to slow down, customers often need to be re-introduced to a company or reminded why they need your company’s goods/services. With the consumers attention span becoming less and less, organizations need to constantly keep on top of competitors to stay relevant.

The penetration that brands and products have can be recorded by companies such as ACNielsen and TNS who offer panel measurement services to calculate this and other consumer measures. In these cases penetration is given as a percentage of a country’s households who have bought that particular brand or product at least once within a defined period of time (Hanan, 1987).

4) Market Development
Market development is a growth strategy that identifies and develops new market segments for current products. A market development strategy targets non-buying customers in currently targeted segments. It also targets new customers in new segments. A market development strategy entails expanding the potential market through new users or new uses. New users can be defined as: new geographic segments, new demographic segments, new institutional segments or new psychographic segments. Another way is to expand sales through new uses for the product. Market development is a two-step process. It starts with market research. Company needs to engage in segmentation analysis to determine which market segments are worth pursuing. A segment is simply a small slice of an overall market. Company can segment a market along demographic, geographic, psychographic, and product-benefit lines. Once Company has determined which market segments are worth pursuing, the second step of market development involves creating a promotional strategy to penetrate the new market.

A marketing manager has to think about the following questions before implementing a market development strategy: Is it profitable. Will it require the introduction of new or modified products. The customer and channel well enough researched and understood. The marketing manager uses these four groups to give more focus to the market segment decision: existing customers, competitor customers, non-buying in current segments, new segments (Baker, 1983).

5) Product Development
In business and engineering, new product development is the complete process of bringing a new product to market. New product development is described in the literature as the transformation of a market opportunity into a product available for sale, and it can be tangible or intangible. A good understanding of customer needs and wants, the competitive environment and the nature of the market represent the top required factors for the success of a new product. Cost, time and quality are the main variables that drive the customer needs. Aimed at these three variables,
companies develop continuous practices and strategies to better satisfy the customer requirements and increase their market share by a regular development of new products (Mital, 2008). There are many uncertainties and challenges throughout the process which companies must face.

6) Diversification

Diversification is a corporate strategy to enter into a new market or industry which the business is not currently in, whilst also creating a new product for that new market. This is most risky section of the Ansoff Matrix, as the business has no experience in the new market and does not know if the product is going to be successful. The notion of diversification depends on the subjective interpretation of “new” market and “new” product, which should reflect the perceptions of customers rather than managers. Indeed, products tend to create or stimulate new markets; new markets promote product innovation. Product diversification involves addition of new products to existing products either being manufactured or being marketed. Expansion of the existing product line with related products is one such method adopted by many businesses. Adding tooth brushes to tooth paste or tooth powders or mouthwash under the same brand or under different brands aimed at different segments is one way of diversification. These are either brand extensions or product extensions to increase the volume of sales and the number of customers (Markides, 1995).

The strategies of diversification can include internal development of new products or markets, acquisition of a firm, alliance with a complementary company, licensing of new technologies, and distributing or importing a products line manufactured by another firm. Generally, the final strategy involves a combination of these options. This combination is determined in function of available opportunities and consistency with the objectives and the resources of the company. There are three types of diversification: concentric, horizontal, and conglomerate:

a. Concentric diversification

This means that there is a technological similarity between the industries, which means that the firm is able to leverage its technical know-how to gain some advantage. For example, a company that manufactures industrial adhesives might decide to diversify into adhesives to be sold via retailers. The technology would be the same but the marketing effort would need to change.

It also seems to increase its market share to launch a new product that helps the particular company to earn profit. For instance, the addition of tomato ketchup and sauce to the existing "Maggi" brand processed items of Food Specialties’ Ltd. is an example of technological-related concentric diversification.

The company could seek new products that have technological or marketing synergies with existing product lines appealing to a new group of customers. This
also helps the company to tap that part of the market which remains untapped, and which presents an opportunity to earn profit.

b. Horizontal diversification

The company adds new products or services that are often technologically or commercially unrelated to current products but that may appeal to current customers. This strategy tends to increase the firm’s dependence on certain market segments. For example, a company that was making notebooks earlier may also enter the pen market with its new product.

c. Horizontal diversification desirable

Horizontal diversification is desirable if the present customers are loyal to the current products and if the new products have a good quality and are well promoted and priced. Moreover, the new products are marketed to the same economic environment as the existing products, which may lead to rigidity or instability. Another interpretation: Horizontal integration occurs when a firm enters a new business (either related or unrelated) at the same stage of production as its current operations. For example, Avon’s move to market jewellery through its door-to-door sales force involved marketing new products through existing channels of distribution. An alternative form of that Avon has also undertaken is selling its products by mail order and through retail stores. In both cases, Avon is still at the retail stage of the production process.

(4) The Role of Market Strategy

Design and selection is the most important for market strategic decisions, the correctness of market strategy is impact for corporate business performance long-term. In the rapidly changing environment, along with the reform and openness to the world and rapid economic development in China, companies should adopt a positive market strategy, and used in each stage of operations, concentrated of resources; respond to changes in the environment, continuing to cultivate, desired competitiveness, in order to grasp the opportunity that can play a meaningful role in every stage. Competitive advantage is an important part for market strategy, therefore, in the course of business, companies should seek from the current operation, absorbing resources and capacity-building, in order to strengthen its own conditions, and then add these capabilities or basic conditions, to carry out the next phase of market strategic innovation.

The creation of an effective market strategy is often the task of a firm’s senior management team. By handing down a comprehensive market strategy from the c-suite, companies will help to create a more focused, business-wide approach to marketing. It is crucial, however, that the strategy is multi-faceted, realistic and implemented consistently over time. An effective market strategy must also serve to bridge any gaps which may exist between the boardroom and the marketers.
responsible for disseminating the company message. Market strategies often require company-wide discipline and governance to ensure they are being implemented effectively and efficiently (Geruson, 1992).

(5) Factor influencing market strategy

In my opinion, external market strategy analysis will be divided into situation of dairy industry; macro-environment, industry environment and firm environment.

1) Macro-environment

Macro-environment factors include politics, economy, society, technology, as follow:

- Political factors are basically how the government intervenes in the economy. Specifically, political factors has areas including tax policy, labor law, environmental law, trade restrictions, tariffs, and political stability. Political factors may also include goods and services which the government aims to provide or be provided and those that the government does not want to be provided. Furthermore, governments have a high impact on the health, education, an infrastructure of a nation.

- Economic factors include economic growth, interest rates, exchange rates, inflation rate. These factors greatly affect how businesses operate and make decisions. For example, interest rates affect a firm’s cost of capital and would therefore to what extent a business grows and expands. Exchange rates can affect the costs of exporting goods and the supply and price of imported goods in an economy.

- Social factors include the cultural aspects and health consciousness, population growth rate, age distribution, career attitudes and emphasis on safety. High trends in social factors affect the demand for a company’s products and how that company operates. For example, the aging population may imply a smaller and less-willing workforce. Furthermore, companies may change various management strategies to adapt to social trends caused from this.

2) Industry environment

Industry environment includes five forces, supplier power, and buyer power, competitive rivalry, threat of substitution, and threat of new entry.

a. Supplier Power: Here firm assess how easy it is for suppliers to drive up prices. This is driven by the number of suppliers of each key input, the uniqueness of their product or service, their strength and control over company, the cost of switching from one to another, and so on. The fewer the supplier choices firm have, and the more company need suppliers’ help, the more powerful suppliers are.

b. Buyer Power: Here company how easy it is for buyers to drive prices down. Again, this is driven by the number of buyers, the importance of each individual buyer to business, the cost of switching from company products and services to
those of someone else, and so on. If company deal with few, powerful buyers, then they are often able to dictate terms to firm.

c. Competitive Rivalry: What is important here is the number and capability of company competitors. If company has many competitors, and offer equally attractive products and services, then company will most likely have little power in the situation, because suppliers and buyers will go elsewhere if they don’t get a good deal from firm. On the other hand, if no-one else can do what company do, then company can often have tremendous strength.

d. Threat of Substitution: This is affected by the ability of company customers to find a different way of doing what company do – for example, if company supply a unique software product that automates an important process, people may substitute by doing the process manually or by outsourcing it. If substitution is easy and substitution is viable, then this weakens firm power.

3) Firm environment

Internal firm environment analysis will be concentrate on three parts: corporate culture, marketing tools and corporate activities, and management leadership. Internal firm environment analysis is important to the company, so there will be a detailed internal environment analysis.

- Corporate culture refers to the beliefs and behaviors that determine how a company’s employees and management interact and handle outside business transactions. Often, corporate culture is implied, not expressly defined, and develops organically over time from the cumulative traits of the people the company hires. A company’s culture will be reflected in its dress code, business hours, office setup, employee benefits, turnover, hiring decisions, and treatment of clients, client satisfaction and every other aspect of operations.

- Marketing tools and corporate activities. By using proven public relations tools and activities, company can promote positive attitudes and behaviors towards company business that will help convert interested consumers into customers. Public relations tools are very cost-effective, and often give company a greater degree of control than more broadly targeted advertising campaigns. Consider using these public relations tools to build company business’s reputation.

(6) Deep perspective

Xiang Long and Fang’an Ju (2020) put forward that “Deep education was a new educational thought”. In relevant theses, they also pointed out that deep education advocated the integration of knowledge among disciplines, interdisciplinary and trans-disciplinarity. Therefore, when the author was designing the questionnaire survey and making an analysis of data, he added the thinking from the perspective of consumers and analyzed the understanding of Mengniu products from various dimensions. In author’s view, deep-level understanding has
not only taken market and products into consideration, but also included different age groups, different physical qualities, environment, and culture. Meanwhile, the author also believes that the success of a good food brand not only depends on the taste of food.

Long (2019a) pointed out that “The evaluation was opened to the outside world, and it was necessary to focus on creative work.” During the process of designing the consumer questionnaires, the author has left a blank space in each scoring place of the questionnaire, which has not only allowed consumers to use fixed score to evaluate the quality of products, but also could put forward more valuable opinions on products. Meanwhile, it has promoted the optimization of products from the perspective of consumers and provided a more profound perspective from the answer to various questions. It is just as what have been put forward by Long Xiang “In the process of education, it has put forward a more profound and humanized perspective for problems of ‘what should be done by us’ and ‘what can we do’. At the same time, it also helps to integrate the knowledge in cognition, social emotion.”

Long (2019a) pointed out that “These concepts were not correct—the more difficult cultural knowledge would have deeper meaning, and the simpler knowledge would contain more plain meaning.” As for each question designed by the author in the questionnaire, it is relatively simple and easy to understand. For example, the first one is about the age and gender of consumers; the second one is what kind of milk brand do you usually buy; the third one is how do you know about Mengniu brand; the fourth one is why do you stop buying products of Mengniu brand. Why does the author want to design such simple questions? There are several reasons. In terms of the first reason, the author wants that all consumers can understand the problems and give the answer to each problem. As for the second reason, it does not want to make each question complicated. It is hoped that we can obtain the deepest brand problem from the simplest problem.

Long (2019b) pointed out that “What have been produced and created by each nationality in long-term common life and practices can reflect the sum of material and spiritual wealth, which has been the characteristics of a nationality. From this definition, it can be easily found that national culture can be divided into two categories, including material culture and spiritual culture.” During the process of making market research, the brand should make a profound investigation in various cities and rural areas. Meanwhile, the company should visit and investigate consumers in different cities, and have a comprehensive understanding of different cultures, tastes and consumption levels produced by different living environments and the real gap between the rich and the poor, because different consumers will have different opinions on products. From large-scale investigation, it can get a more in-depth report of brand analysis, which helps to optimize the brand market and create a famous brand for country.
3. Research Methods

Thesis research methods are the process of collecting information and data in order to make business decisions. It maybe includes publication research, interviews, survey and other research techniques. The research methods can be divided into seven parts; they are qualitative and quantitative researches, research framework and hypotheses, questionnaire development, sampling, data collection, reliability and validity, research ethics.

(1) Questionnaire development

Questionnaire development has three, sometimes conflicting, objectives. The first is that a questionnaire must facilitate the collection of the data needed to answer the research questions, which requires the data to be valid, reliable and relevant. Then the survey must be as user-friendly and convenient as possible for the respondent and interviewer. Finally it must be possible to develop process and modify questionnaires efficiently. It may be important to be able to respond rapidly to events and changing circumstances, not only for new themes, but also where revision is needed because of changes in legislation (Winer, 1986).

The empirical research of the thesis report is quantitative research. The quantitative research was based on the questionnaire for customers of MengNiu. Questionnaire was sent to 100 respondents who were in different ages, and I made a simply analysis about the data. The questionnaire has 10 questions concerning about the opinion about milk brands and milk products. These are some of questions that I ask to customer:

1) What’s your age?
2) Which of the following do you think is the most attractive brand?
3) What kinds of reasons attract you most?
4) When you have already bought milk of MengNiu, do you change milk brand?
5) What is your image about MengNiu milk?
6) Which product of MengNiu milk do you like best?
7) What are the reasons that you choice in question?
8) How much are you willing to pay for a 250ml of milk?
9) What kind of information you want to get more from the milk ad? (Single choice)
10) What kind of channels affects you most? (Multiple choice)

The survey is concentrating on the customer’s opinions about the milk products and milk brands, which product they like best, which brand they like best. The
survey is to understand the consumer psychology whether the customers satisfied the products, utilize this survey to get some customers’ suggestions for improving the products, services and other shortages.

Long (2019a) pointed out that “The identity construction depended on the knowledge acquired from deep interpretation and rigorous analysis, while opinion expression should allow people of different gender, race, class, social situations and status to express their thoughts.” Therefore, the author has considered that the interviewees should not be limited to gender, age and living environment during the process of designing the questionnaire. It is hoped that the author can get the ideas and suggestions of respondents from different cultures and cities.

(2) Sampling
Sampling is the process of selecting units (e.g., people, organizations) from a population of interest so that by studying the sample we may fairly generalize our results back to the population from which they were chosen. Typically, the population is very large, making a census or a complete enumeration of all the values in the population impractical or impossible. The sample usually represents a subset of manageable size. Samples are collected and statistics are calculated from the samples so that one can make inferences or extrapolations from the sample to the population (Thompson, 1992). The data sample may be drawn from a population without replacement, in which case it is a subset of a population; or with replacement, in which case it is a multi-subset. My sampling survey is most some young people, there is also a part of elderly, and they are all milk products of consumers, because consumers are different ages, so the results of survey have more credibility.

(3) Data collection
Data collection is the process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer stated research questions, test hypotheses, and evaluate outcomes. The data collection component of research is common to all fields of study including physical and social sciences, humanities, business, etc. While methods vary by discipline, the emphasis on ensuring accurate and honest collection remains the same (Daugherty, 1974).

It is importance of ensuring accurate and appropriate data collection. Regardless of the field of study or preference for defining data, accurate data collection is essential to maintaining the integrity of research. Both the selection of appropriate data collection instruments and clearly delineated instructions for their correct use reduce the likelihood of errors occurring. Consequences from improperly collected data include:

a. inability to answer research questions accurately
b. inability to repeat and validate the study

c. distorted findings resulting in wasted resources

d. misleading other researchers to pursue fruitless avenues of investigation

e. compromising decisions for public policy

f. causing harm to human participants and animal subjects

While the degree of impact from faulty data collection may vary by discipline and the nature of investigation, there is the potential to cause disproportionate harm when these research results are used to support public policy recommendations.

The primary rationale for preserving data integrity is to support the detection of errors in the data collection process, whether they are made intentionally or not. Most, Craddick, Crawford, Redican, Rhodes, Rukenbrod, and Laws describe ‘quality assurance’ and ‘quality control’ as two approaches that can preserve data integrity and ensure the scientific validity of study results. Each approach is implemented at different points in the research timeline:

- Quality assurance - activities that take place before data collection begins
- Quality control - activities that take place during and after data collection

The questionnaire was sent to customers by email and totally 100 responses was received. I chose some of my friends and their parents and ask them to give me their email address. I have made 100 questionnaires to 100 people, and finally got 100 replies, 100% of them sent me their reply.

**4. Reliability and validity**

In order for research data to be of value and of use, they must be both reliable and valid. If data are valid, they must be reliable. If people receive very different scores on a test every time they take it, the test is not likely to predict anything. However, if a test is reliable, that does not mean that it is valid. For example, we can measure strength of grip very reliably, but that does not make it a valid measure of intelligence or even of mechanical ability. Reliability is a necessary, but not sufficient, condition for validity.

4. Market Strategies at Mengniu Dairy

**1) The introduction of dairy industry and MengNiu group in China**

The high growth phase of Chinese dairy industry is from 1999 to present, because of improvement of Chinese economic situation, and also the increase in consumer demands, liquid milk has an annual rate of 60 % rapid growth, and also dairy production has a rapid growth apparently. Dairy production reached for 743,000 tons in 2001, with an average annual growth rate of 11.85 %. Our dairy industry changed from traditional industry into a sunrise industry with its good
growth.

During the last decade, China’s dairy industry has been developing rapidly. In 2011, the Chinese dairy herds reached for 12.6 million, with an increase of 1.6 times more than in 2010. This is the 2006-2011 Chinese dairy herds situation. At present, China accounts for about 8% of global cows totally. In 2011, Chinese milk production reached for 35.75 million tons, with an increase of 3.3 times more than in 2010. This is the case of milk production from 2006 to 2011 China. Milk production in China accounts for about 6 percent of global output, ranking third in the world.

In the dairy industry international trade, the annual import in 2011 have about 728,200 tons of dry dairy products and 17,100 tons of liquid milk, the total imports is about 1.97 billion Yuan, mainly on the dairy milk and whey, and they account for 92% of the total imports accounts. The main sources countries of imports are New Zealand, the United States, the European Union and Australia, the four together accounted for over 90% of China’s total imports of dairy products. 2011 China’s total dairy exports of 3.4 million tons, exports amounted to $40 million.

Dairy industry sales in 2011 reached 171.75 billion Yuan, total profit is 8.9 billion Yuan. China’s leading dairy companies consists of Inner Mongolia MengNiu Dairy Co., Inner Mongolia Yili Dairy Co., Ltd., Bright Dairy Co., Ltd., Beijing Sanyuan Dairy Co., Ltd., and Heilongjiang Wanda Dairy Co., Ltd, Xi’an SBG Dairy Co., Ltd and so on. The top 10 dairy producing provinces in order were Inner Mongolia, Shandong, Hebei, Heilongjiang, Henan, Shanxi, Jiangsu, Liaoning, Sichuan and Anhui, accounting for 72.25% of total China dairy output. In 2012 the dairy industry reported sales revenue of 246.54 billion RMB, among which the top 4 dairy companies merely accounted for almost 40% market share, while foreign dairy companies made up more than half of the market.

Figure 4.1: Market Shares of the Top 4 China Dairy Companies in 2012

In 2012, Inner Mongolia Yili industrial Group Co., Ltd. reported total assets of 19.815 billion RMB and operating revenue of 41.99 billion RMB, up by more than 12% year. In 2012, China Mengniu Dairy Co., Ltd. Reported total assets of 20.99 billion RMB and operating revenue of 36.08 billion RMB. Shanghai Bright Dairy & Food Co., Ltd. Report total assets of 9.339 billion RMB and operating revenue of 13.775 billion RMB in 2012. Hebei Sanyuan foods Corporation reported total assets of 34.46 billion RMB and operating revenue of 35.53 billion RMB in 2012.

1) Mengniu brand in Mainland China

Table 4.1: History of Mengniu

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>Started in Inner Mongolia</td>
</tr>
<tr>
<td>2000</td>
<td>Revenue about RMB246.7 million</td>
</tr>
<tr>
<td>2003</td>
<td>Revenue about RMB4.071.5 million</td>
</tr>
<tr>
<td>2004</td>
<td>Obtained 22.0% market shares by sales value</td>
</tr>
<tr>
<td>2005</td>
<td>Production Capacity around 2.78 million tons</td>
</tr>
<tr>
<td>2008</td>
<td>Chinese Milk Scandal</td>
</tr>
<tr>
<td>2009</td>
<td>Ranked 19th in the “2009 Global Dairy Company Ranking Report” by the Rabo bank</td>
</tr>
<tr>
<td>2015</td>
<td>Topped the “2015 China Top 500 Brands” list hosted by the “China Brand Value Research Institute”, ranking 78th</td>
</tr>
</tbody>
</table>

Source: http://www.mengniu.com.cn/product/brand/mn

MengNiu Dairy Co., Ltd was found in August 1999, it was headquartered in economic zone of Hollinger country in Hohhot city, Inner Mongolia. During the last 11 years, MengNiu Group has grown to a big company which has total assets of more than 141 billion Yuan, nearly 30,000 employees, and became a large-scale dairy processing enterprise which can have annual production capacity of 6 million tons. Currently, MengNiu Group has established also 19 provinces and autonomous regions in China with total 29 production bases, which have liquid milk, yogurt, ice cream, milk, cheese, five series over 400 items, China Mengniu Dairy Company Limited is a manufacturing and distribution company of dairy products and ice cream in the People’s Republic of China. The company is based in Inner Mongolia and manufactures dairy products under the Mengniu brand. Products with excellent quality coverage of the domestic markets and also exported to United States, Canada, Mongolia, Southeast Asia and Hong Kong and Macao and other countries and regions. Here is a picture of MengNiu’s logo, with thick elegant touch of pen cross.
Figure 3.3 shows the loge of MengNiu group, symbolized the vast fertile land in Inner Mongolia, unique regional advantages with excellent climate, geography, showing the best conditions for the development of enterprise. Entire logo in white, green structure, symbolizes the theme that is to keep away from the pollution and highlight the pursuit of naturalness.

The aim of MengNiu group is to provide good qualified dairy food to every customer for the purpose of customers’ good health. The missions of the company consists of founding an outstanding and international dairy company for china; performing the service in order to promote the customers’ health; building a world famous brand in china and so on. The spirits of the company: learning and innovation; pursue Excellency; united and progressive and so on. The marketing position of the company: First create brand, then focus on market. As MengNiu’s endorsement, the hottest TV shows Super Girl played a significant role for MengNiu group. As you can see the figure 1, the program attracted a lot of young people; it is so attractive and famous, they helped MengNiu group to earn more and more young people. Almost every Chinese people know it after TV show. MengNiu used advertising methods to win the marketing position. MengNiu’s position is different from other milk brands, not just for those who need milk, but also for the young people who pursuit of fashion and free. Here is the picture of Super Girl who endorsement MengNiu dairy.
2) Mengniu brand positioning – Analogy positioning

Since the reform and opening up of China, Chinese economy developed rapidly, and there was substantial growth in GNP, people’s living standards have been improving apparently, ten years before the melamine incident was China’s dairy industry “golden years.” In these ten years, from less to more, China’s dairy industry had a period of rapidly development in the past ten years. Chinese per milk drinking increased several times of the amount during the ten years, a number of dairy milk Production Company developed rapidly.

Analogy positioning is a positioning strategy by comparison with competing brands to determine their own position in the market. Its essence is to locate or position itself side by side with potential competitors. In analogy positioning, referring to the selection of objects is an important step. Generally, by mentioning the counterparts of the well-know ones, a company raises it is social status.

In 1999, Mengniu was established. Lack of funds, little known, forces thin, want to do the milk but can’t got anything, also without the plant equipment, as well as the market. Yili milk is the biggest brand that was under the influence of Mengniu in China. Yili has a strong economic strength, regular management, market stability, however Mengniu milk competition with Yili milk was not unwise. Survival of the fittest, not eliminate persons. So Mengniu would to be second. But what is Mengniu advantage. Mengniu advantage is Niugensheng who is a leader have market insight and awareness of consumers and have ability to make popular. Thus, at the beginning, Mengniu using positioning strategy analogy, with the Queen’s popularity, to grow up fast and then to subsequent series of successful planning.

Mengniu believes that a brand not a product, but is a regional problem. Inner Mongolia is a big brand. Thus Mengniu did not narrow on their own growth, but was far-sighted, According to Hohhot is a city that the first health milk growth of country, Mengniu put forward a initiative “To build our common brand - The capital city of China’s milk-Hohhot.”. Since September in 2000, Mengniu was investment more than 100 million, put in over 300 light boxes, positive theme of “cheer for Inner Mongolia”, and under the book: “Yili Group, Xingfa Group and Mengniu Group rising in the vast grassland of a thousand square kilometers, the luminous pearl (Hohhot) beyond the Great Wall radiating on Mingcheng Group and Shiqi Group, Mongolian King (a brewery) standing loftily in the Thehetao, and Erodes standing out on Mongolian Plateau...We cheer for Inner Mongolia, let Inner Mongolia take off “ Mengniu proposed a slogans as “To build our common brand - The capital city of China’s milk-Hohhot • “with some well-known dairy companies in Inner Mongolia, to build capital’s milk of China, which “exclusive club policy,” the idea is the same. In fact, Mengniu was not enough to be compared with these famous brands. Regardless of the history, status and size, but Mengniu brand name with some other famous milk brands, it is to make consumers believe that Mengniu
and others are just as famous. And that “To construction of China milk”, “cheers for Inner Monglia” To broad the vision and a noble sentiment and also accumulated enormous intangible assets for Mengniu Company. Not only unobjectionable, but will improve people’s impression of Mengniu and enhance its reputation.

3) Products of Mengniu
Mengniu Group in the business mainly product includes milk, yogurt and so on, there are all dairy products in Mengniu Group. These products are the mainstream of enterprise products, and also a lot of people when buying dairy products most in current. After all, competition with others company is getting difficult, in order to get own position in the market, not a simple matter.

<table>
<thead>
<tr>
<th>Table 4.2: Products of Mengniu</th>
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<tbody>
<tr>
<td><strong>Liquid milk</strong></td>
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<tr>
<td><strong>UHT milk</strong></td>
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<tr>
<td><strong>Milk Beverage</strong></td>
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<tr>
<td><strong>Yogurt</strong></td>
</tr>
<tr>
<td><strong>Ice Cream</strong></td>
</tr>
<tr>
<td><strong>Milk Formula</strong></td>
</tr>
<tr>
<td><strong>Others</strong></td>
</tr>
</tbody>
</table>


The product include to Milk, ice cream, milk, yogurt, deluxe etc. Through repackaged, and its unique products to meet the diverse needs of consumers, there are a variety of options for customers. MengNiu became recognized and accepted by customers.

Since the reform and opening up of China, Chinese economy developed rapidly, and there was substantial growth in GNP, people’s living standards have been improving apparently, ten years before the melamine incident was China’s dairy industry “golden years.” In these ten years, from less to more, China’s dairy industry had a period of rapidly development in the past ten years. Chinese per milk drinking increased several times of the amount during the ten years, a number of dairy milk Production Company developed rapidly.

4) Target customer of Mengniu Milk
Mengniu advocated “Let’s drink milk, make Chinese people strong”, that’s obvious, This sentence is very clear, Mengniu’s target consumers are all types of Chinese people. Do you want to be health? Let’s drink milk, but how to choose the milk brands, which one is better? Analysis of consumer psychology, Do you want
to choose a product without well-known. Of course not, so drink the Mengniu milk, Mengniu additional advertising, enhance corporate image, then the consumer mind status can be achieved.

Structure of the population determines the consumption structure, China’s new generation of younger age of 20 and 30 years old. According to statistics, China’s has more than 200 million people in this group, along with the 30-year-old people have go to the workplace, this group will become the core of China’s future consumer groups. The people who is 20 years old as same as 30 years of age people, They were born after the reform and opening up in China, even though they are not real scope into the community, but they still been protected and education phase, but 20-year-old people’s has a strong personality, so the market opportunity is unlimited. The Mengniu main market is the group of young people, from the type of product and advertising spokesperson can see that.

MengNiu have a broad customer groups, from newborns to the elderly people, they are all MengNiu potential consumers. In China, along with the steady growth of China’s economy, the continuous improvement of people’s income, the growing awareness of nutrition and health, the potential of Chinese dairy market will be gradually transformed into the actual market demand. Because Chinese urban and rural per income growth are very different, milk consumption growth of rural residents still lack power, urban residents in the future a longer period are still the main groups of dairy consumption in the future for a longer period. 2005 our total dairy consumption of urban residents declined slightly, in which fresh dairy consumption declined, while the yogurt consumption increased sharply, so MengNiu also seize the customer psychology, and greatly promote MengNiu yogurt and other new products.

5) Culture hobbits

Along with the rapidly development of China’s economy, Chinese people living standards and cultural level of the whole country are increasing rapidly, people pay more attention to the nutritional intake and their health, milk as a nutritious beverage products in the market attract a lot of people. Chinese dairy demand is increasing year by year, while sales of milk products compared to other products are more dependent on the brand impact. MengNiu advertising campaign and participation in social welfare activities won a good reputation among the people. MengNiu’s advertising strategy brought it a large number of potential consumers. In 2005, MengNiu sponsored the program of super girl in China, and the program got a huge response. In March 2008 during the Iraq war, MengNiu seize peak viewing of CCTV reported the formation of the war, first conducted event marketing, have gained great success. During SARS, many companies have stopped advertising, but MengNiu haven’t stopped the advertising, they even increased the delivery of advertisement, and increase the intensity of public service advertising, after SARS, immediately paid off by the market. “Shenzhou V”
manned flight is successful, the global Chinese exultant moment, MengNiu milk as a strong Chinese astronauts special milk advertising is extremely popular.

6) Competitors

The competitors of MengNiu dairy group are Shanghai Bright Industrial Group Co., Ltd; HeiLongJiang Wanda Industrial Group Co., Ltd and Inner Mongolia Yili Industrial Group Co., Ltd and so on. But the main competitors of course are Inner Mongolia Yili Industrial Group Co., Ltd. It is one of the leading enterprises in the dairy industry; Yili Group consists of liquid milk, cold drinks, milk and raw milk four divisions, more than eighty-owned enterprises. Yili ice cream production and sales rank first in the country for ten years. UHT milk sales rank first in the country for seven years. Yili milk, milk powder production and sales always ranked the top three. Its development is all visible. According to the data of the first quarter of 2005 of Yili, dairy business accounted for more than 96 %, in which liquid milk accounted for 71 %, it plays a big role in Yili. Yili milk drinks, cold drinks are in leading market position, its yogurt market is large, has great potential for development. MengNiu and Yili dairy group occupies an important position for a long time in China. They never “lack of” struggle, from product price to sales channels, from marketing to public relations strategy, almost all aspects of the business, there is a competition between the two companies.

7) Political and Economic of Mengniu Dairy in China

After the political factors toxic milk powder incident, COFCO bought shares from MengNiu and became the largest shareholder of MengNiu, this is an important turning point that MengNiu transition from a private enterprise to a state-owned subsidiary. MengNiu Group, as a listed company, to achieve a diversified equity structure, and it act as a “strategic and decisive” role in MengNiu’s future development. On the other hand, the EU-funded securities analysts pointed out that after the melamine incident, government pay more attention to quality and safety of the milk industry, China MengNiu Dairy as the only remaining private in the top three dairy industry, COFCO became the largest shareholder of MengNiu perhaps is the intention of government, so government support MengNiu has brought hope to MengNiu. Talking about economic factor, MengNiu Dairy Group, headquartered in Chinese milk core area - Hohhot and Lingle Shing Lok County economic Zone, has total assets of more than 8 billion yuan, nearly 30,000 workers, dairy annual production reach to 500 tons. So far, MengNiu Dairy Group has been established more than 20 production bases in 15 provinces, Products are always have a good quality that it can cover the domestic market and export to the United States, Canada, Mongolia, Southeast Asia and Hong Kong and Macao and other countries and regions. With the development and urbanization of the economy, the consumer demand for dairy products is increasing fast.

8) Product quality and service of Mengniu Dairy

As dairy production and processing enterprises, dairy safety, health must be
most important thing. Quality is the life! Quality is the basic guarantee of brand; it is because of the good quality of MengNiu Dairy, which makes it the leading position in dairy field.

At the beginning, the staffs learned the corporate culture systematic, and in the whole development process, MengNiu emphasized the importance of continuous quality improvement system. MengNiu pursue the quality of ideas which called “product equivalent to character,” and pursuit of “100 percent manufactured pass rate” quality objectives. MengNiu has been passed a number of certification: ISO9001, ISO14001, OHSAS18001, GMP, HACCP five systems; green certification. “MengNiu” trademark was identified as “China Famous Brand” in 2002. Milk was listed as national inspection-free products.

MengNiu Dairy high-tech Research Institute analysis center configuration of nearly 30 million of advanced equipment and facilities has a large number of highly educated people. They regularly conduct for pesticide residue, veterinary drug residues, pathogen identification, nutrients, vitamins, additives, heavy metals, trace elements, a total of 367 food safety testing items on the company’s raw materials and finished products, and ensure the company manufactured products meet food safety requirements.

Each packet of milk in the production line need to pass nine procedures, 36 monitoring points, 105 index detection, as long as there is a detection of the project failed, the entire batch of products are not allowed to go to market. Almost all products meet or exceed international standards; MengNiu factory passed the GMP (Good Manufacturing specifications), HACCP (Hazard Analysis and Critical Control Point) and etc major system certification.

Mengniu’s vision is to do the best quality, most professional quality management system. The system consists of three departments: the quality and safety management center, operations quality management center and milk quality management center. Based on these, establish a full range of industrial chain quality management system, including planting, breeding, primary processing, raw materials, transportation, production, a library, transportation, consumer nine sectors. And develop the detail management standard for these nine aspects.

**Market penetration of Mengniu Dairy**

From the perspective of the development of Mengniu Dairy, has maintained a high growth rate. Mengniu used to have accustomed to high growth mode, but with the liquid milk, especially saturated milk decline in profit margins in the market, and if Mengniu Dairy are still dependent on temperature milk market, the Mengniu’s grow rate will slow down. Faced to this situation, some people believe that Mengniu want to maintain a high growth rate; have to achieve the key shift, through the new products looking for a new breakthrough.
Based on this consideration, Mengniu also tried to make up their weakness, in 2005, Mengniu signed a cooperation agreement with Danish Allah Mahfouz company who is the European dairy giants, the Company’s chairman NiuGensheng said, according to the business plan developed by both parties, the first products was listed in 2006, to recover the investment cost after five years, become high-grade milk in home market after 10 years. In 2006, Mengniu milk sales revenue was 1.67 billion yuan, Yili milk sales was 2.005 billion yuan, increase by 50.22% compared , Relative to milk powder, Mengniu’s milk product on the progress of low temperature more quickly, and Mengniu Dairy want to set low temperature milk market in the East of China.

Mengniu Dairy has been established in Ma’anshan city, Anhui province since 2004, in 2005, has invested 300 million yuan to build 26 ice cream production lines, the production of 8.5 tons of various kinds of Ice cream. In 2006, the second phase of investment was 250 million yuan, to build 16 low-temperature liquid milk production and 4 production line make normal temperature liquid milk, processing 850 tons of fresh milk on every day, Because of those, Mengniu dairy become the largest ice cream and low temperature liquid milk monomer production plant in the world. The first of September, in 2007, Mengniu dairy started construction of third normal temperature liquid milk project in Ma’anshan city, the total investment was 236 million yuan. It plans to build 24 international advanced technology temperature liquid milk production lines.

Mengniu dairy layout of production base on Ma’anshan city, the first is based on an irreplaceable location and transportation advantages. Production base of choice, on the one hand to fully close the market, on the other hand to fully consider the supply of raw materials and logistics conditions, thus not only reducing transportation costs, but also improves the freshness and competitiveness of Mengniu’s products. Anhui Province, close to the Changjiang River Delta, is an excellent location. Second, Mengniu layout is based on the Changjiang River Delta region, surrounding the huge market growth potential, in 2006, and the seven provinces in East of China is the most economically developed regions in China; The GPA was 51.80% higher than per provinces and national average, per capita disposable income of urban residents higher than national average was 19.40%. From consumption of dairy products, in 2006, urban resident’s per capita consumption of 26.12 kg in the seven cities of Eastern China, compared with the national average level of consumption was more than 2.26 percentage points. Not only the market has great potential for development in the seven cities of Eastern China, but also rural market potential is greater. Currently, China’s liquid milk consumption in the first-line market is limited area for growth, the competitive is very fierce, and the rural market is mainly areas of the major brands to compete, take the initiative who can occupy a larger market share.
(3) Product development of Mengniu Dairy

The fierce competition between enterprises in today’s economic globalization, competition in the product, in a sense is the product’s competitive enterprises to survive in the worldwide competition; product building must attach great importance to the strategic vision. The brand is a symbol and representatives of enterprises and products, its meaning are a long-term contract of a value between businesses and consumers. Brand value reflects the market position of certain types of products, the competitive advantages of its development; brand value and market performance will directly affect the core competitiveness of enterprises. In a sense, the product is market share, is profit. Initially, the product enterprises in order to identify their products, in order to distinguish it from competitors, identify consumer awareness and the use of the mark. Nowadays, the product is no longer equivalent to “mark”, but has become a broader, more abstract concept, created by the “badge” or mark out “intangible assets”. With the arrival of the era of the Product, the differences in corporate brand management is being replaced by the difference of the product itself, the enterprise is no longer selling differentiated products, but differentiated product concept.

MengNiu “deluxe” products come out, MengNiu, brand positioning of only for better quality life spread. According to MengNiu’s own explanation: only for better quality life. Not only to provide a natural, green, nutritious products, but also to create a better quality of life for consumers. Now, MengNiu launch new modern ranch of pasteurized milk in Shanghai, advocate drinking fresh milk, brand positioning of MengNiu has been transformed into a high quality of life from prairie. It is the need of market development, because it is impossible for all MengNiu milk is come from the prairie. This is the need for a brand strategy, because MengNiu want to expand nationwide. This is requirement for MengNiu’s brand development, a brand development needs to innovate and upgrade so that can be better.

As dairy production and processing enterprises, dairy safety, health must be most important thing. Quality is the life. Quality is the basic guarantee of brand; it is because of the good quality of MengNiu Dairy, which makes it the leading position in dairy field.

(4) Market development of Mengniu Dairy

MengNiu used less than four years, reach to the top three in the industry, creating a “first speed” in Chinese dairy industry. Most consumers have a herd mentality, they interested in following in hot selling brand. It is also based on this consumer psychology, hot selling positioning can help brand promote fast, sustainable development.

When Mengniu Dairy was started a business, the first, in the distribution channel built high-end market, From the city of center, and use the power of
leadership skills in first-tier cities into the second and third tier cities, then, “the first episode, the second recording.” Later, with the improvement of living standards and the first-tier city became fully market, the channel construction of Mengniu strategy adjust to “stable first-grade market, maintaining second-grade market, winning third-grade market”. It is important to development of secondary and tertiary markets. When Mengniu Dairy chosen channel mode, the main consideration for the scale of the growth construction and radiation requirements, by distribution costs, product features, staff conditions, market factors, according to the characteristics of different regional markets, using a nationwide network type, vertical type, direct type, platform type, and other channels assisted mode, the core is the rapid reaction force to improve the channels. Overall, Mengniu mainly uses three channels: First, the “company-owned distributor and distribution” for direct flat platform channel distribution model. Second, the “company-owned and third-party logistics providers and distribution” for the direct sales channel model flat network type. Third, the “traditional agency distribution” pyramid vertical channel model.

Compared to the single-channel market, multi-channels system can make company can cover market. To construction of multi-channel system more than single chat system. but in actual operation, distribution costs of product will decline. For SMEs, with a smaller amount of the cost increase, more substantial increase market share is a wise choice. With the rapid development of international economic and technological, multi-channel marketing has become an inevitable road. Mengniu used own environment and constantly open up new marketing channels, and used of modern information network channels and traditional marketing channels, meet the needs of customers, continuously change their strategy. Mengniu not only created a direct channel, delivery to the door, for the rural market, Mengniu has also established a longer channel their products through intermediaries covered rural market. Mengniu also use modern network online, provide people with convenient, can make people buy milk at home.

(5) Product / market diversification of Mengniu Dairy

A good brand is not only able to discern changes in the market, to meet the market demand, but also companies in the innovation process to create demand. After McKinsey survey found that Chinese people are grow most sophisticated consumers in the world. More open and fully competitive market environment, let make Chinese consumer market rapidly changing. Consumers lamented the “Select” more and more difficult at the same time, Chinese enterprises are also faced with the demand from the consumer to meet the new demands create change.

1) Product diversification, to build their own consumer milk

In supermarkets of China, dairy containers occupied area is growing more and more, consumption of dairy products has become an important part of people’s daily life. By the dairy industry report shows, the fourth quarter of 2010, China’s
dairy industry realized total profit was 2.95 billion yuan, had increase of 35.8%, gross profit is the highest level since 2008. Insiders pointed out that China’s dairy industry after more than ten years of development, has become a veritable “fastest-growing dairy market in the world” and “third largest dairy state in the world,” good growth and huge development prospects not only attracted global concern, and China milk diversified development into full play in the market.

Mengniu dairy, with deep technological innovation, Mengniu constructed includes five categories-round, three-dimensional matrix of milk more than 400 items, not only to provide consumers with quality products, but also the long-term Mengniu win favor in the market. In many cases, consumers are not very clear what kind of products suitable for them, they cannot make sure what they really need, and the satisfactory answers to these questions is the dairy industry professional duties and value lies. Mengniu official pointed out, different physical characteristics of the environment has different needs, we meet the diverse needs of consumers at the same time, we will continue to technological innovation and green development, demand creation and lead the market, for consumers to create their own real that glass of milk.

According to the development trend in the food industry, Chinese food market will be towards diversification, function and safety of the direction development in the future, the level of consumption will gradually increase. This trend of scientific and technological innovation capacity of dairy companies put a higher demand. It is understood that, in order to improve the internal competitiveness of enterprises, Mengniu can trends for product development and has a more precise to control in the global market. Mengniu have in-depth cooperation with Chr.Hansen in 2005, both sides to established “Mengniu - Chr.Hansen yoghurt lab.” Last year, Mengniu also had cooperation with the top companies in the world - more than century-old French company Danisco’s yoghurt (DANISCO), set up the overseas office in Paris. Thus, Mengniu R & D and innovation are deeply in European, learn the source of “Chinese wisdom made” in the world. Here is the picture of yoghurt product of MengNiu dairy.

Source:http://image.baidu.com

IMAGE 4.3: yoghurt product of Mengniu Dairy
Mengniu official said that Mengniu innovative products to quickly grasp of
trend to diversify products to meet consumer demand in the market. And sustained
investment in research but also allow enterprises still to vibrant, with more high-
quality products to win favor in the market. For the Future, Mengniu market
segments will continue to absorb the international advanced dairy production
experience, combined with the physical characteristics of the Chinese people, to
create more high-quality products for Chinese consumers.

2) Market diversification
MengNiu have a broad customer groups, from newborns to the elderly people,
they are all MengNiu potential consumers. Nowadays, there is intense competition
in the domestic milk businesses, in order to meet the needs of different groups,
market segmentation is inevitable. MengNiu segment the market mainly based on
age, gender, and consumer tastes. So MengNiu also seize the customer psychology,
and greatly promote MengNiu yogurt and other new products. The table is about
Mengniu Dairy according to different consumer market and produce different
products. To segment by age, there is baby’s milk, such as Future Star milk,
dynamic growth Milk, there is youth milk, such as school milk, and also elderly
people milk, such as low-fat milk; to segment by sex, the boys like drinking milk,
the girls like drinking sour milk; to segment by milk drinking time, the milk market
is divided into breakfast, dinner, leisure and dinner.

<table>
<thead>
<tr>
<th>Product name</th>
<th>Market position</th>
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<tbody>
<tr>
<td>Pure milk</td>
<td>started for child, and later extended to the general people</td>
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<tr>
<td>High Calcium Low-fat Milk</td>
<td>Middle aged and young women</td>
</tr>
<tr>
<td>Morning milk</td>
<td>Office workers</td>
</tr>
<tr>
<td>high calcium milk</td>
<td>The elderly, calcium group</td>
</tr>
<tr>
<td>Yoghourt</td>
<td>Teenage girls</td>
</tr>
<tr>
<td>ZhenGuoLi Fruit Milk</td>
<td>The beauty of young women</td>
</tr>
<tr>
<td>Milk of Future star special youth</td>
<td>Children</td>
</tr>
</tbody>
</table>

Table 4.3: Market segment of Mengniu product

Mengniu Dairy based on consumer demand characteristics, the overall market
is divided into a number of consumer groups in the process, each consumer group is
one that the same needs and desires of each market. Through market segmentation,
companies can target the sub-market offers unique services and products with
related marketing mix, so that more effectively meet customer needs.
Achievement of Mengniu Dairy as a result of its market strategies

From the start to grow up, MengNiu Group have concentrated on carrying out various market activities and integrated to utilize their own resources, media resources and social resources, so that to improve the utilization of all resources, and maximize brand value. In the minds of consumers, the original single product brand will changed to public mind, national responsibility and human care brand, Mengniu’s market strategy is worthy of our in-depth study.

1) Business performance

After the political factors toxic milk powder incident, COFCO bought shares from MengNiu and became the largest shareholder of MengNiu, this is an important turning point that MengNiu transition from a private enterprise to a state-owned subsidiary. MengNiu Group, as a listed company, to achieve a diversified equity structure, and it act as a “strategic and decisive” role in MengNiu’s future development. So far, MengNiu Dairy Group has been established more than 20 production bases in 15 provinces, Products are always have a good quality that it can cover the domestic market and export to the United States, Canada, Mongolia, Southeast Asia and Hong Kong and Macao and other countries and regions. With the development and urbanization of the economy, the consumer demand for dairy products is increasing fast. MengNiu used less than four years, reach to the top three in the industry, creating a “first speed” in Chinese dairy industry. Most consumers have a herd mentality, they interested in following in hot selling brand. It is also based on this consumer psychology, hot selling positioning can help brand promote fast, sustainable development.

2) Markets serving of Mengniu Dairy

General, consumer makes service quality of company service, not only how good after business done, how warm about hotline and thoughtful, and whether the company is consumer demand as orientation and goals of their own development. Mengniu has put forward a good positioning and objectives: commitment to human health milk manufacturing service providers. A small box of milk in such a big responsibility, of course, Mengniu is to say that, service and community has never stopped for customer.

On the basis of product quality, product innovation is an inexhaustible motive force; it is an enterprise service consumer for best embodiment. Mengniu’s innovation can be described as the ever-changing, from the advent of high-end milk “Deluxe”, future star for children milk research and development, to the birth of the milk crown benefits “Kin name” to the natural grain of cutting-edge technology...

Along the way, Mengniu has never stopped the pace of innovation. From another angle also proved Mengniu Dairy has well versed in experience economy of consumer services, and as consumers in the era of marketing to participate fully, Mengniu Dairy have to from consumer demand starting, forward-looking launched the interactive experience on consumer, also won the favor of consumers and trust.
Pay attention to understanding of the Mengniu’s innovation and service, it is not difficult to find, huge billboards and small to the Internet a message, Mengniu Dairy are to provide consumers with personal intimate health services. As the first consultation platform to open the field of dairy products in China, Mengniu Mall to do the healthiest and the most nutritious dairy products for each age layer of consumers tailored. More commendable is that Mengniu has also registered a special enterprise micro-blog (http://t.sina.com.cn), regular common sense milk drinking, Understand the market, no wonder Mengniu won the “most welcome food brand” and “in the capital’s consumer favorite brand of milk” double title. its brand value of 95.46 billion yuan (RMB) won the champion, from high quality products, first-class service to return value of society.

For high-quality service is very difficult, but Mengniu did, with practical action interpretation of what is called “great love of enterprise”. Mengniu engaged social undertakings in various actively, service for harmonious society, also will be incorporated into the public welfare of enterprise brand system, continue to fulfill “promote the national drink milk, let the responsibility of every Chinese people’s physical and mental health”, Mengniu has realized the service quality, another round of upgrades already. Mengniu throughout the simple action the social responsibility and love quietly. A business offer a love is not difficult, always make dedication is difficult. Mengniu’s love and its growth accompanied.

Good milk cannot be separated from good milk source. Have a good source of milk is the most powerful dairy competitiveness, but also most fundamental guarantee. In the face of growing market needs, in recent years, Mengniu Dairy continues to enter the national market. Mengniu not only in Tongliao, Inner Mongolia to investment 400 million yuan in construction of breeding base project, also construction of organic liquid milk factory in Yinchuan city. All of these services, we have reason to believe that Mengniu Dairy can do best in China, this is the consumer give biggest trust and the highest recognition for Mengniu Dairy. Hope that company will continue to work hard, to do “Mengniu” service in the end.

3) Product development of Mengniu Dairy

By the end of 2005, Deluxe came out; during initial listing the slogan is “Not all of the milk called Deluxe”. Highlighting the product’s noble, mysterious. Highlight the high-end brand of MengNiu. Deluxe protein content reaches to 3.3 percent, exceeding the national standard of 13.8 %. The nutritional value of the product is much higher than regular milk. Then Deluxe became the representative of the high-end pure milk. In order to create a new field is in the highly competitive dairy market, MengNiu’s strategy is to enhance the value of the product Deluxe to improve MengNiu brand position. Deluxe is a high-end milk, MengNiu is the high-end brands.

4) Customer satisfaction: result of the survey
Mengniu Dairy was established in 1999, drink milk became popular movement to flourish under the background, in 2002, it was identified as “Famous Trademark in China”, within just six years, “Mengniu” has become a household brand.

This findings of the investigation is about Mengniu products in the market, survey consumer purchases of Mengniu dairy products, in order to obtain Mengniu Dairy share in the market, through the product’s taste, variety, packaging, quality and other aspects of customer satisfaction to obtain Mengniu Dairy status on the product, reflects the satisfaction of Mengniu brand in the minds of consumers.

Table 4.4: Survey of the questionnaire

<table>
<thead>
<tr>
<th>Questionnaire (unit)</th>
<th>Recycling questionnaire (unit)</th>
<th>Recover Rate (%)</th>
<th>Effective questionnaire (unit)</th>
<th>Effective questionnaire rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>100</td>
<td>100%</td>
<td>100</td>
<td>100%</td>
</tr>
</tbody>
</table>


The findings total had 100 questionnaires, were returned 100 questionnaires, the recovery rate were 100%, which had 100 valid questionnaires, and the effective rate was 100% questionnaires.

Due to Mengniu Dairy setting up and development products of all ages, in order to make the survey results more comprehensive, we will survey scheduled for residents of all ages. As we can see in figure 3.2 respondents who are around 26 - 25 years old were the main group in this questionnaire, have 50 peoples. There were almost 27 respondents who are 26 - 45 years old. There are 15 respondents who are less 15 years old. And have 8 people who are 15-25 years old make respondents.

What the most attractive brand in China. This is an important question to the milk company; the questionnaire will reflect that which kind of milk brand respondents prefer to. There are 5 kinds of milk brand in the question.
respondents could choose only one. The figure will show it:

![Bar chart showing the most attractive brand](http://www.hkexnews.hk/listedco/listconews/sehk/2013/0327/LTN20130327069.pdf)

**Figure 4.3: The most attractive brand (n=100)**

All the respondents answered this question, Lots of customers chose MengNiu was their favorite brand, and second was Yi Li Dairy. Yi Li Dairy is the biggest competitor of MengNiu. There are twenty-seven respondents who chose Yi Li. So we can say Yi Li is a competitive brand in Chinese dairy industry, and New Hope is the third attractive brand, eighteen respondents chose it as a favorite, it is also a strong competitor, and can’t be ignored. Have 6 respondents chose ChenGuang and there are fifteen respondents chose GuangMing brand. Only one respondent answered others; maybe they don’t like drinking milk.

Image about MengNiu Milk, the following question examined what kind of image the respondents have of the MengNiu milk. There were five options. (Single choice)

![Pie chart showing image about MengNiu milk](http://www.hkexnews.hk/listedco/listconews/sehk/2013/0327/LTN20130327069.pdf)

**Figure 4.4: what is your image about Mengniu milk (n=100)**
Generally speaking, just a little bit respondents had a poor or very poor image about MengNiu, all the others had an average or good or very good image about MengNiu. No doubt that this is good information for MengNiu, but almost Chinese people have some prejudices about domestic milk because of previous toxic milk powder incident. in my opinion, people believe more in imported milk, they have no confidence about domestic milk. MengNiu inevitably isn’t trusted by people. So improving the quality of the products and win the trust of customers are very important in this situation. In this questionnaire, younger respondents, especially students, have a very good image about MengNiu. The elder respondents mostly chose average.

What’s kind of product of Mengniu Dairy that customer perfect to buy, the following question been to find out which products of MengNiu the respondents like best? (Single choice)

Table 4.5: The likes of milk products of MengNiu (n=100)

<table>
<thead>
<tr>
<th>Product</th>
<th>Customer (number)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mengniu milk</td>
<td>18</td>
</tr>
<tr>
<td>Mengniu sour milk</td>
<td>10</td>
</tr>
<tr>
<td>Mengniu Breakfast Milk</td>
<td>5</td>
</tr>
<tr>
<td>Deluxe</td>
<td>37</td>
</tr>
<tr>
<td>Real fruit milk</td>
<td>23</td>
</tr>
<tr>
<td>Yoghurts</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: http://wwwr.uenku.baidu.com

MengNiu has different milk products, they are MengNiu milk; MengNiu Sour milk, MengNiu Breakfast milk, Deluxe, Real Fruit milk and yoghurts. In the table 3.5, we can see that Deluxe and MengNiu milk are very popular among respondents, in my view, not only they have a good quality but also they have a unique taste, so they attract most of respondents. MengNiu milk and Real Fruit milk are also having a good market position, 41 respondents chose them as best products, but MengNiu Breakfast just had 5 supporters, it is same to yoghurts just had 7 supporters and it doesn’t have a high market position. As I found in the questionnaire, students chose mostly Deluxe; Real Fruit milk; and MengNiu Sour milk. Elder respondents mostly chose Deluxe; Breakfast milk and MengNiu milk.

The survey results on the customer satisfaction of the Mengniu product price. MengNiuDairy should price their product according to customers’ psychological price level, and give customer a reasonable price. Four options were given. (Single choice)
In the figure 4.5 we can see that a half of respondents think that the price of Mengniu milk is general and 27 respondents think the price is cheap. There are 8 people thinking the price is cheapest and also have 15 persons feel it is Expensive. Consequently Mengniu product is considered as reasonable price in their mind. In this question, respondents who chose are mostly younger respondents who are student.

Customer always wants to get some information about the milk according to the milk advertisements. Here is a list of some information about the milk, such as nutrition, production process and food safety, milk supply, additive, and others. The table 4.6 will show what kind of information customer want to receive.
We got some feedback from the respondents, 7% of them want to know exactly about production process about the milk. 25% of respondents chose milk support and 12% additive, such as protein, energy, calcium content and so on. They want to get more knowledge about milk food safety. 9% of respondent chose ranch supply; ranch supply is an important factor to the milk production. Some respondents chose other, they pointed out price and technology.

Last options were listed in the question what kind of channels affect you most when you buy milk. The question was a multiple-choice; the respondents were able to choose one or more options.

![Figure 4.7:Channels that affect purchase desire](http://www.hkexnews.hk/listed.com)

TV advertising is the most popular channel in modern society; it plays a most important role in nowadays marketing. 33% respondents chose TV advertising channel, 24% respondents chose to listen to others’ recommendation, 48 respondents chose marketplace events, and 9% respondents chose newspapers and magazines. Online advertising had only 5% respondents and outdoor campaign had only 5% respondents. There are some differences between different respondents groups, younger respondents mostly chose TV advertisement and others’ recommendation, elder respondents mostly chose newspaper and magazines, and women mostly chose to listen to others’ recommendation. Some respondents chose others, they didn’t give any explanations. Here is a table about the results.

The next question was to find out if respondents have already bought milk of MengNiu, and do they change a milk brand? (Single choice)
From the questionnaire respondents, we can see that there are almost respondents who change milk brand sometimes, only a few respondents answered that they never change. We can assume maybe MengNiu doesn’t have a high customer loyalty; customers would like to change for another brand sometimes. So this is a problem for MengNiu and need to be improved in the MengNiu’s coming future. MengNiu need to think about some kind of strategies to improve customer loyalty. Talking about different respondents have different choice of this question, generally speaking, respondents who chose “sometimes change” are mostly women, respondents who chose “never change” are mostly men.

The next question was trying to find out why the respondents do changes milk brand. This question consisted of some reasons why people change brand. Reasons given were lower price; new packaging; unique tastes and others.
Obviously, most of the respondents chose unique taste. Taste makes an important role in the mind of customers. New packaging is also important when customers want to change for another brand, the survey indicated that MengNiu need to produce new flavors of milk products so that can attract more potential customers and remain the existing customers. Some of them chose “other”; they didn’t give any reasons why they want to change.

The purpose of this question was to find out the reason why respondents chose particular product. The form of the question was: What are the reasons of your choice in previous question? (Multiple choice)

\[\text{What are the reasons that you choice in pervious questions}\]

\[\text{Source: http://www.hkexnews.hk/listed.com}\]

Figure 4.10: Reason about pervious question that which product of Mengniu milk you like best

This question consists of some reasons to choose certain product; the reasons mentioned were flavors, advertising, price, taste, package, image, Security, and others. Because this question was a multiple choice, one respondent was able to choose more than one option. Flavors and taste were considered as two main reasons according to the questionnaire, the figure shows that lots of respondents chose flavors and some people chose taste. Security is the third important reason and advertising, price, package, image is also being considered as an important reason when respondents choose their favorite milk product. Some of them chose “other” as their option, they didn’t describe any reasons.

Younger respondents mostly chose taste as the reason about previous question; they thought Deluxe; Real fruit milk; and MengNiu sour milk taste good. But elder respondents chose nutrition as their reason, there is no doubt that they think Deluxe; Breakfast milk and MengNiu milk have a good nutritional value. Respondents who chose Deluxe in previous question, they almost chose taste and nutrition as their reason, those who chose real fruit milk in previous question, they almost chose taste as the reason. Here is the table about the results.
(7) **Summary about the whole Survey**

According to the results of the questionnaire survey, the income data were detailed statistical analysis, basic grasp of Mengniu products status and product market share, with reference to the above data analysis and icon display, combined with the actual situation of the marketing. The survey was concentrating on the consumer’s opinion about the Mengniu Dairy milk products and brands, which product they like most, which brand they like best. The questionnaire was sent to the consumer’s by email and I received 100 respondents, they participated in the questionnaire actively. Following Mengniu products development and marketing strategy of some findings and recommendations.

In a summary, according to this survey that we can know MengNiu Dairy got a good impression in the mind of consumers, Yi Li Dairy is an important competitor role to MengNiu in the market; it is also have a good impression. In my opinion, quality and taste are the two important factors according to the results. Some other things like brand, price, and service are also necessary to improve in the dairy industry. And people in different ages have their different choices in different questions. Of course, we can see from the figure, customers have different opinion about the different products of MengNiu and the price of MengNiu milk; this is a good reference for the company to decide the exact and suitable price in the markets.

When Consumers in the purchase of milk, in addition to the brand, price, there is a problem have to ask, is the source of milk. In fact, safe, high-quality milk source is not only the consumer confidence, but also an important factor in the sustainable development of China’s dairy industry. For the normal consumer, the most impressive is advantage of Mengniu Dairy milk source, Mengniu from the Mongolia grassland, far away from pollution, close to nature, its liquid milk, especially fresh milk make customer reassuring. Through the analysis of survey data, we can see that have lots of consumers pay attention to milk, and food safety of milk product. In recent years, the domestic video safety problems of melamine events make consumers pay attention to the quality of the milk industry, more care about the source of milk and product safety issues. An enterprise development is the product itself. In ensuring the milk source of high quality, high security, establish more scientific formulation process, both to ensure taste and health, but also to ensure that people drink milk when most want access to nutrition and health.

Mengniu was growth after several years, with a considerable scale, the implementation of the brand extension strategy and products will be extended to the liquid milk, temperature liquid state milk, ice cream, yoghurt...... and so on, the kinds of products to fill market, expand the market and also control the product efforts at the same time. Markets shares go up, but problems was arisen, because the products was so much, the quality checks cannot be fully in place, Mengniu brand includes five categories: UHT milk, milk drinks, yoghurt, ice cream and other...
milk products, the quality of UHT milk is the core product of Mengniu, including pure milk series, Deluxe Series milk, breakfast milk series, children’s milk. Therefore, Mengniu should focus on its core products, deepen the industrial chain, and improve the quality of milk products.

5. Some Recommendations for Mengniu Dairy

Along with the reform and openness to the world and rapid economic development in China, people’s living standard and income level has improved, and the concept of consumption also has undergone great change. More and more Chinese are more and more pay attention to the nutrition of milk. Increasing number of potential customer encourages and supports form the Chinese government provide huge potentials for development of dairy industry. However, because of the comprehensive entrance of foreign dairy brand and growing appearance of local Chinese dairy company, the competition of Chinese dairy industry becomes increasingly fierce. Therefore, the marketing suggestion for MengNiu Company’s future development is enquired. In thesis report, the main objective is to analyze MengNiu Company market situation and gives some market strategy suggestion for company according to feedback from customers. Finally, I have achieved some results about market strategy of MengNiu group. And according to the analysis results, to find out the challenge and make some suggestions to the company.

1) Aim and objectives of the company

Mengniu Dairy became the top 15 in the world since 2001, the next 10 years, Mengniu Dairy want to enter the top 10 dairy in the world. Product pass rate of 100%. Continue to forge ahead, adhere to scientific development, and strive to innovate, integrate the global effective resources, the company into industry leading enterprizes in China but also in the world. MengNiu have a broad customer groups, from newborns to the elderly people, they are all MengNiu potential consumers. In China, along with the steady growth of China’s economy, the continuous improvement of people’s income, the growing awareness of nutrition and health, the potential of Chinese dairy market will be gradually transformed into the actual market demand. Because Chinese urban and rural per income growth are very different, milk consumption growth of rural residents still lack power, urban residents in the future a longer period are still the main groups of dairy consumption in the future for a longer period. 2005 our total dairy consumption of urban residents declined slightly, in which fresh dairy consumption declined, while the yogurt consumption increased sharply, so MengNiu also seize the customer psychology, and greatly promote MengNiu yogurt and other new products. Mengniu Dairy has to provide green dairy products, spread the concept of health and should win-win cooperation and common development with customer. For shareholders of Mengniu dairy must be highly responsible and long-term return. Of
course also need to education and training for employee, and achieve them life. The Company have to business according to law, strong milk agriculture and protect the ecological, return to the public.

In sensational milk melamine incident, of course consumer have some doubts of MengNiu inevitably. Country is stricter in dairy industry, and requires a lot. Different level quality of employees: Although in the past MengNiu have miraculous pace, but there are different level quality of employees. Under the new market challenges, whether the current composition of employees can support sustained high growth is a problem. Marketing professional building: MengNiu liquid milk marketing team quality is relatively good, but the overall ice cream and milk marketing quality is weak. Upgrading management systems: practical management tools and services help MengNiu get the goal of high-performance, but along with future changes in the market, “old” management system will be eliminated. Promotion of the professional of personnel: talent is the cornerstone of enterprise development. International challenges, foreign brands entered the domestic market.

In author’s view, when people do not trust in China’s dairy brand, the company should make more efforts and spend energies in constructing company’s brand, so as to gain the trust of common people. Long Xiang (2019a) pointed out that “Teachers should have more improvements in language learning, including action, freedom, the flexibility of courses, self-training, the reflection on identity and role, cooperation and sharing.” It is also true in brand management, and the author believes that we should think from the perspective of brand and consumers’ rights and interests. For example, the company can hold some activities for consumers, or seminars. Moreover, it also needs to make some investigations for consumers, so as to promote the optimization for products. As the party of brand, the company can also carry out role reversal internally. When the party of brand becomes consumer, how should it regard the advantages and disadvantages of the product? With the constant integration between company and consumers, as well as new brand creativity, it can facilitate the brand to have a better understanding of consumer psychology, which also promotes the growth of the brand.

(2) Suggestion to improve its current markets

Mengniu dairy can develop customers and expand the market by network platform, the means is with the help of an effective marketing sales platform, for example, taobao.com, Jindong, Yigou, Amazon and other well-known online shopping platform, hope that through their help, first take the product trial mode, the milk sample is free, give as a present to customer who have strong purchasing power, after customers taste, and may entrust these famous shopping website to send milk ticket, is the value of a family or individual’s milk consumption on one month, after winning the customer, Mengniu can win a favorable position in online, expand market share, enhance brand awareness and make consumer chips,
and negotiate with dealer all over the country, keep rapid, low cost products sales

to expand the traditional sales channels, thereby expanding the existing market of
Mengniu Dairy.

There are some kings of marketing, one is event marketing. Super Girls

audience rating almost equal to CCTV, the quote of the final 15 seconds total
placement advertising actually higher than CCTV. MengNiu Sour Yogurt which

sponsored by Super girl sales from June 2004 of 700 million to August 2005 of

2.5 billion. With an increase of 2.7 times, 20 % of sales terminals is even shortage.
The sponsorship, TV advertising, online promotion, outdoor advertising, sales
and marketing expenses, all of these costs are fully covered only about 6 % of all
sales. This event marketing of MengNiu is undoubtedly very successful. Another is
internet marketing: Mengniu Dairy Mall is the first consultative shopping platform
in dairy field, filling the gap in the market of electronic commerce of dairy products.
Mengniu as the first one to advance e-commerce market, it has taken a historic
step in innovative marketing. Mengniu online mall will become China’s online
shopping professional service platform. MengNiu online mall opened, consumers
can get high-quality online products and services, can choose the products at home,
purchase the required nutrition products, also can enjoy online shopping experience
and bring a lot of fun in life.

Like most Dairy industry in the market of China, in general, Mengniu through
distributors channels sales to supermarkets, big shopping mall, convenience stores,
etc... In my view, Mengniu can be encouraged to join, to establish chain stores,
from the perspective of brand management, on the one hand can move consumers,
on the other hand can convey Mengniu’s unique culture, help Mengniu perception
of the market changes directly, extend and improve the market.

Improve the international reputation is important factor to MengNiu, not
only just focus on the domestic markets, but also need to develop international
marketing, how let MengNiu to be an international brand, Maybe it has a long way
to go, but just try to do it. Mengniu Dairy will be better.

(3) Suggestions to improve its current product

The market is not static and product does not exist in a fixed pace, consumer’s
taste change day by day. To make product with strong power, it must continue

to expand product for growth, through continuous innovation, promote product
updates, upgrades, and foster new growth points. First, Mengniu has sponsored the
“super girls”, Mengniu Dairy had launch of Mengniu yoghurt, called “suansuanru”,
the product give people feel that pursuit of individuality, and confidence. With
young girls image young, pure, confident, passionate character consistent, the
design of the product and quality or packaging are very successful. In 2008,
Mengniu launched a high-end Liquid Milk, called “Deluxe”, Mengniu Dairy
explanation is: just for the quality of life, not only to provide abundant natural,
green, nutrition products, but also to create a better quality of life for consumers. Now, Mengniu has invested a new modern ranch in Shanghai, proposed to drink fresh milk, find new product slogan for modern market.

On my view, Mengniu can also develop the products of goats’ milk, compared with milk, the nutritional value of goats’ milk higher than milk. At present, the market has not developed goats’ milk before, Mengniu can grasp the opportunity to product goats’ milk, improve current product. MengNiu’s goat market prospects is very good, although MengNiu get rich by “cow”, but if MengNiu want to become bigger and more stronger, then the goat market of MengNiu can’t be ignored. Experts believe that with the majority of consumers agree on the nutritional value of goat’s milk. Goat’s milk in the dairy market is expected to be selling good. The milk of goat is nutritious, not only easily digested, but also has a unique role in people health care, if MengNiu have the effective use of goat’s milk, then it will become the industry leader. In the Sanlu melamine incident, Sanlu’s bankruptcy, MengNiu lost a strong competitor, in a certain extent, it reduce the competitive pressure from peers. MengNiu also took the opportunity to promote their products too many other places. Melamine incident is an opportunity of Chinese dairy industry to enhance product quality and MengNiu Dairy can use this opportunity to re position their brands, improve product quality and safety, and enhance consumer loyalty of its products. There is a huge potential demand: Chinese concept of health is growing, the huge Chinese consumer market, and urbanization can improve the dairy consumption.

For the company, product of development, like extended addition or promote the development, maybe also like subtraction, weaken the value of product accumulation. The company should be reasonable extended of profit maximization in product development; it is the most important work for product managers. Mengniu Dairy began with heavy liquid milk, and then related to food, such as, ice cream, milk tablets, milk powder, yoghurt, cheese, etc., Mengniu Dairy can use existing brand influence, and continue to introduce bottles of milk beverage, expand the market, such as Mengniu fruit yoghurt, Mengniu milk tea and so on. With the development of the beverage market, milk tea and other drinks have gradually become a fashion in the market. The bottled drinks are the student’s only choice after class, when milk is no longer just as a thirst quencher, and become college student’s lifestyle, tea market potential is unlimited. It is well known that, milk tea just has low cost, many college students love milk tea most, so Mengniu Dairy can considering about development of milk tea products.

Quality of Chinese dairy products is always a big question, people are losing confidence in Chinese dairy, they would like to pay more money to buy import milk from other country, and so how to build a good impression about dairy products is primary question to MengNiu dairy. The above is my proposal for the expansion product of Mengniu Dairy, Demand is increasing nowadays, innovation of products
and products diversity is very important to the company.

Long (2019a) pointed out that: “Deep education in language referred to deep-level reflective language learning, which emphasized the reading and writing before listening and speaking and promoted project-based team cooperation or peer cooperation. Moreover, it also thought that students were the builders of courses, which was based on their intrinsic motivation.” In author’s opinion, consumers have been the party of brand, and the party of brand has also been consumers. As for the relationship between two sides, it is just like the relationship between teachers and students, which is mutually reinforcing and interdependent. Thus, when the party of brand want to design a new product, it is necessary to invite some milk lovers and listen to their ideas. From the perspective of consumers, it helps the company to know what kind of products they are more willing to buy. What’s more, it can also make brand promotion in some supermarkets. If some consumers are willing to accept interviews or brand investigation, they can get some related products for free, which not only helps to mobilize consumers’ enthusiasm to take part in the investigation, but also provides more valuable opinions for the party of brand.

(4) Suggestion to penetrate new markets

New market penetration is all about risk-reward balance. Mengniu dairy need to fully understand the challenges as well as the opportunities pertinent to prospective new market, so Mengniu dairy are properly prepared for success. Do research, and evaluate options thoroughly and honestly. The point is sales growth and sustainability, so Mengniu dairy has to make sure on top of market share regarding products, pricing and customer service.

Talented, experienced sales professionals can help Mengniu dairy every step of the way—analyzing prospective markets, creating a well-honed implementation plan and providing high-performance execution—while Mengniu dairy existing salespeople remain focused on current work with no loss of momentum. Mengniu dairy will have the flexibility of scalable costs, ensuring profitability of new markets before Mengniu dairy incur the expense of expanding or creating a new in-house sales force. With outsourcing, Mengniu dairy can tackle new market penetration nimbly and with confidence.

If company wants to enter a new market or regional market, should to do market research work at least. thorough understanding of the market, and full study of competing company, including marketing strategy, channel control ability, channel business strength, product structure, consumer groups, market segmentation, brand share in the market. Study on the analysis of the potential consumer spending habits, brand awareness and loyalty, consumption patterns, lifestyle and psychological expectations. The Mengniu has market information at first time, get depth data information, a full range of market research; it is a
powerful weapon when the company enters a new market.

- **Alliance:** A company is difficult to meet all customers’ needs, so Mengniu should use as many ways as possible, with other companies or groups to jointly study and develop, promote sales and establish a wide range of marketing alliance.

- **Network:** Network is a self-service way to spread information to consumers that is an effective marketing tool, and more professional cooperation between several companies, and can better push the product, and consumers can communicate with Mengniu worker as soon as. To keep good faith for customers, nowadays, consumers live in open information of the world; marketing personnel need to make customers believe that Mengniu can be trusted.

- **Forum:** Mengniu can make innovative awareness of the marketing staff, efforts to use the consumer forum, the views of consumer as a plan proposal. Mengniu’s marketing staff has to show respect, be sure to remember that customers will always understand their needs, and so be sure remember to charge their views.

- **Database marketing:** Many companies have been aware of importance for database marketing, Mengniu can be combined to use difference Company’s database and to obtain more comprehensive information on the milk market.

- **Advertising:** Penetration of new market is the emphasis of advertising campaign, to provide consumers with knowledge. At the same time, in a more comfortable way to sell Mengniu brand products. As far as possible make brands can be seen everywhere, when consumers contact every times, draw information rarely, so in addition in advertising for necessary costs, also need to have some activities, increase product visibility.

**6. Conclusion**

Market strategy is important for Company. In the market, company should use to their own advantages, and advantage is their own choice of market strategy, the company should reflect their own advantages in the market. If a company has chosen a market strategy cannot reflect their comparative advantage in business, then this Company will be done, and cannot grow any more. Market strategy is goal of the enterprise and employees. According to company market strategy, the daily business activities should be subject to their own market strategy, cannot arbitrarily change market strategy has been decided by company. Therefore, the Company has a good market strategy, so that all people can arrange the company’s daily market activities in accordance with market strategy, in order to ensure that company has vitality and development every day. In this sense, we emphasize that the market strategy is goal for company. Market analysis means conduct the economic analysis of the market size, location, nature, characteristics, market capacity and so on. The main purpose of marketing analysis is to research the potential sales of the
business goods, expand potential markets, arrange the allocation of business goods reasonably between different regions, as well as regional market share of business goods.

A good market strategy analysis can help company to develop an excellent market strategy and it can ensure the implementation of market strategic plan and help company solve major business decision problems. It will improve the competitiveness of the company and minimize business risk of the company and help companies find market opportunities and to create conditions for the development of enterprises.

In this graduation thesis, the main objective is to analysis market strategy of Mengniu Dairy, and based on the analysis results, to find out the restriction and make some suggestion for the company.

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