

The Brand Marketing Strategy of Small- and Medium-Sized Liquor Enterprises—Taking Xuan Distillery as an Example

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Abstract. After years of deep adjustment, Chinese liquor industry is entering a new development cycle. The first-line liquor brands have shown a good development trend, but the differentiation of the second- and third-line liquor brands has become more and more apparent. Most small and medium-sized liquor enterprises are gradually eliminated in the fierce market competition due to their own limitations such as insufficient funds, lack of talent, limited technology and improper management. In order to stand out in the increasingly fierce industrial competition, it must focus on brand construction and implement brand marketing. Taking Anhui Xuan Distillery as an example, this paper analyzes the success and deficiencies of its brand building based on brand marketing theory, and puts forward some suggestions. It hopes to provide a reference for the survival and development of Anhui Xuan Distillery and other small and medium-sized liquor enterprises, thus promoting the sustainable development of China's liquor industry.

1. Introduction

Since the state promulgated policies such as “eight regulations” and “prohibition of alcohol” in 2012, the overall output and sales of liquor industry have declined rapidly. Through the deep adjustment in recent years, the industry has gradually recovered since 2016, but its Matthew effect has become more obvious, and the increasingly fierce market competition has an extrusion effect on small and medium-sized liquor companies^[1]. As a fully competitive industry, the liquor industry has entered a mature stage in the life cycle, and its competition mode has been transformed from price competition to non-price competition such as brand value, product quality and innovative service^[2]. If small and medium-sized liquor enterprises that survive in the cracks want to achieve sustainable development, they must pay attention to brand building, implement brand marketing and enhance brand value^[3].

In terms of practical development, many small and medium-sized liquor enterprises have not done much in brand marketing; some have taken some actions but the effect is not satisfactory. In terms of theoretical development, the current research on brand marketing of Chinese liquor industry mainly focuses on the traditional strong liquor brands such as Moutai and Wuliangye. And a small amount of literature on small and medium-sized liquor enterprises focuses on the study of their overall development strategy, and its research scope is wide and involves shallow content. Therefore, this paper takes Anhui Xuan Distillery Co., Ltd. as an example to analyze the success of its brand marketing strategy, and gives suggestions for its shortcomings. It further enriches the academic research of the brand marketing theory in China's liquor industry, hoping to provide some help for the survival and development of domestic small and medium-sized liquor companies.

2. Brand marketing strategies of Xuan Distillery

Xuan Distillery was founded in 1951 and was restructured into Anhui Xuan Distillery Co., Ltd. in 2004. In 2010, the ranking of Xuan Distillery in the Chinese liquor industry jumped from 1000 to the top 50. Since 2013, it has been listed in the “Top 100 Private Enterprises in Anhui Province” for six consecutive years. From the unknown Jiangnan small distillery to the well-known liquor brand in Anhui, the brand marketing strategy plays a vital role in the counterattack of Xuan Distillery^[4].

2.1 Brand positioning

From the "Xuancheng specialty" in the early stage of restructuring to the "Jiangnan vintage liquor" in 2008, and then to the "the leader of middle-end liquor" nowadays, Xuan Distillery has always clearly defined its own brand development direction. For one thing, it has persisted in the strategy of "large single product" for many years, focusing on categories, products and price areas. From table 1, its main products are "Xuan Vintage" of Luzhou-flavor and "Chinese Xuan Liquor" of Sesame-flavor, focusing on the middle and high-end liquor market and aiming to create the terminal liquor with the best price-performance ratio^[5]. For another, it adheres to the differentiation strategy. It uses the difference of "smaller pit, softer taste" to position the core value of the brand, and utilizes the local raw materials of Xuancheng and the special brewing techniques of small pits in Jiangnan to create a high-quality soft liquor with more regional unique flavor^[6].

Table 1. Products of Xuan Distillery.

Product type	Unit price	Market position	Flavor type
Xuan liquor of small pit (40 °)	80yuan	Mid-grade	
Xuan liquor of small pit (50 °)	90 yuan	Mid-grade	
Xuan Vintage 6	128 yuan	Middle and high grade	Luzhou-flavor
Xuan Vintage 8	188 yuan	Middle and high grade	
Xuan Vintage 10	198 yuan	Middle and high grade	
Chinese Xuan Liquor (41.2 °)	398 yuan	High-grade	
Chinese Xuan Liquor (53 °)	858 yuan	High-grade	Sesame-flavor

Data source: Anhui Xuan Distillery Co., Ltd. 2019.

2.2 Brand quality

Product quality is the core competitiveness of a brand^[7]. At present, large pits and mechanized large-scale production are widely used in liquor industry. However, in order to brew more mellow and soft liquors so that customers have different product experiences, Xuan Distillery insists on using small pits. It established the Brewing Technology Research Institute of small pits and the Microbial Products Center, and continuously introduced high-level talents and high-end equipment to promote technological upgrading. Adhering to the spirit of "ingenuity", it strives to produce high-quality liquors with more fragrant and soft taste^[8].

2.3 Brand communication

In recent years, Xuan Distillery has continuously enriched its propaganda methods to expand the scope of brand communication. Firstly, its efforts to achieve Xuan liquors can be seen everywhere and can be bought anywhere. Moreover, it has carried out special publicity such as "Why are Xuan liquors so red?" and "the best-selling vintage for n years in Anhui" for several years, and filmed the theme documentary on small cellar technology to enhance the popularity of Xuan liquors. Lastly, it has been insisting on the return of customers to visit factories and tourism activities since its restructuring in 2004, so that customers can fully experience the unique brewing culture.

2.4 Brand image

From Mind Identity System of Xuan Distillery in figure 1, Clear positioning and distinctive brand image is one of the important reasons for its rapid development^[9].

2.4.1 Healthy Xuan Liquor

The Xuan Vintage with rice as the main raw material is healthy and soft. The Sesame-flavored Xuan Liquor contains a variety of healthy active factors such as Ferulic acid, Vanillin and Pyrazine, which have anti-oxidation, anti-tumor, anti-bacterial, immune-enhancing and liver-protecting functions^[10].

2.4.2 Happy Xuan Liquor

With the enterprise purpose of "creating happiness for employees", it ensures that the annual salary increase of employees is not less than 13%, and implements a lifelong employment system, offering youth talent awards, employee assistance funds, and student aid funds.

2.4.3 Charity Xuan Liquor

Xuan Distillery has been striving to develop public welfare undertakings for many years. It donates millions of dollars each year for charitable causes, such as the old-age project, the disabled program and the Children's Leukemia Relief Fund.

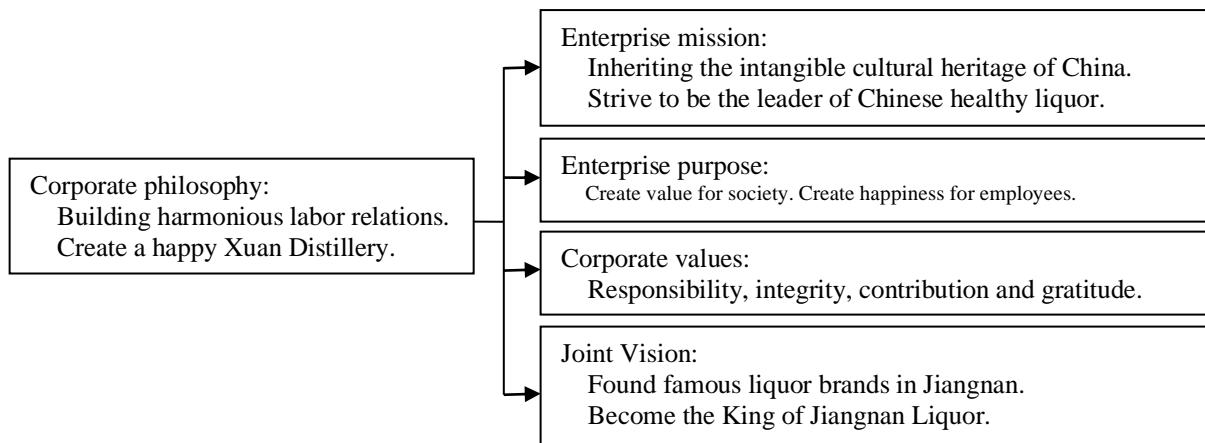


Fig. 1. Mind Identity System of Xuan Distillery.

3. Deficiencies of Xuan Distillery in brand construction

3.1 Single product structure

Products are the most important carrier of the brand. Nowadays, the competition of middle-grade liquor products is particularly fierce, and various brand products are emerging in an endless stream. If Xuan Distillery maintains the single product structure for a long time and lacks creativity, its market share will probably be gradually occupied by other brands.

3.2 Insufficient brand communication

Most of the domestic first-line liquor brands choose to use hot events to publicize, which focuses on unconventional advertising resources. However, Xuan Distillery lacks uniqueness in brand promotion. The single mode of communication and the lack of creative advertising make it difficult to enhance brand awareness outside Anhui Province. It focuses on the advertising of TV, newspaper and radio, but neglects the use of marketing strategies such as sponsorship marketing and event marketing^[11].

3.3 Weak distribution network management

At present, the distribution network of the liquor industry covers a wide range. Many small and medium-sized liquor enterprises such as Xuan Distillery have set up product marketing departments in various provinces and cities, but their organizations are scattered and lack integrity. Their role in network marketing in various cities is limited, and some customers even find it difficult to find their sales outlets^[12]. In addition, the lack of creative promotion strategies and modern marketing methods has affected their sales.

4. Suggestions

In view of the shortcomings of Xuan Distillery in brand construction, this paper gives the following suggestions.

4.1 Improve innovation ability and promote product structure upgrades

Xuan Distillery should improve the company's R&D and innovation capabilities and develop new products according to the needs of consumers, such as low-degree cocktails that are currently popular among female consumers. It needs to develop a suitable product extension strategy to promote

product structure upgrades, thereby reducing the risk of relying on a single brand, extending the product life cycle and renewing brand vitality.

4.2 Enrich advertising methods and broaden marketing channels

Along with the rapid development of the Internet industry, the new network-based promotion methods are developing and expanding. In the past, Xuan Distillery mainly used traditional advertising and publicity means. In the future, the company should pay more attention to network marketing. It can promote products through online platforms such as WeChat and Weibo, and increase interaction with consumers to enhance the brand's popularity outside Anhui Province. Moreover, it is necessary to further enrich the e-commerce channel and focus on cooperation with emerging Internet companies such as Alibaba, Jingdong and Tmall.

4.3 Improve the level of brand management

The company should further optimize the talent team structure through the combination of introduction and improvement to improve brand management level. For one thing it is necessary to strengthen technical training for existing employees, popularize professional skills and select and business backbones for further study. For another, it can cooperate with universities to recruit professionals from their graduates and formulate favorable salaries to attract talented.

5. Conclusion

Compared with domestic first-line liquor companies, China's small and medium-sized liquor enterprises have large gaps in terms of capital strength, marketing channels, brand culture and product quality. If they want to gain a firm foothold in current increasingly fierce industrial competition, they must attach importance to brand building. The successful use of the brand marketing strategy has enabled Xuan Distillery to quickly develop into one of the "five golden flowers" of Anhui liquor brands from the unknown small distillery in Jiangnan. This paper hopes that small and medium-sized liquor enterprises can get inspiration from the success and shortcomings of the brand marketing strategy of Xuan Distillery, thus promoting their survival and development.

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