

Research on the Marketing Strategy of Joybo

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ABSTRACT

With the rapid development of China, more and more young people's consumption power has become much stronger. They were eager to find a much more tasty and fashionable liquor brand. And Joybo was designed for them and it has become very popular among young people in a short term due to its customer-centered and great marketing skills. The data in this thesis was collected from different sources including the public lecture given by CMO Mr. Ye Ming of Joybo, public reports and videos about Joybo on the Internet. Through detailed data about Joybo, we could find the reason of its success and SWOT (strengths, weakness, opportunities, threats). Joybo created SLP product code (smooth, light, pure), which makes it taste lighter, purer, softer, and delicious especially suitable for young people who have no interest in many spicy traditional Chinese liquor brands. Furthermore, the secret of Joybo's success is mainly its great marketing skill such as fashionable copywriting marketing. Joybo, which has much less history compared to other traditional liquor brands such as Maotai and Wuliangye, has been very famous in the whole country, and even internationalization. Joybo saw the attributes of youth and had mainly aimed at the young market, this was why it has achieved rapid development in the market with extremely high thresholds such as wine.

Keywords: *Liquor industry, Young customers, Customers-centered, Copywriting marketing, Mild aromatic*

1. INTRODUCTION

For a long time in the past, the two traditional liquor brands, Moutai and Wuliangye, have occupied the main share of the Chinese liquor market, especially Moutai, which has played a monopoly and is commonly known as China's national liquor. This phenomenon was broken by 2011. In 2011, Joybo was born. Joybo chose young customers to be its core users by adopting a fragrance-type taste and fashionable copywriting [1]. And then it began overwhelming marketing promotion, and accumulated rapidly. Joybo has attracted many young fans and becomes famous all over the country. Soon after its establishment a few years later, it achieved annual sales of more than 2 billion in 2018[2], becoming the second-tier liquor brand in China. But in the recent few years, Joybo has just begun to show a state of weak performance, and many people think that it has been counterattacked by over-marketing. However, Joybo has recently appeared in the public eye one after another, established his winery, and has become an OEM for many star-rated hotels such as Shangri-La Hotels, and has begun to work hard to improve the quality and taste of liquor. In many media reports and research thesis from research institutes, we can see a lot of research on China's first-tier liquor brands such as Maotai or Wuliangye or

Langjiu, but relatively little research on Joybo. This thesis aims to do some detailed research and discussion on Joybo's founding motivation, brand packaging, marketing concept, market promotion and follow-up development. In this thesis, in addition to analyzing the reasons for Joybo's success, will also discuss why Joybo has weakened and its corresponding negative reputation in recent 3 years. Nowadays some other liquor brands have also withdrawn from some Joybo's competing products, such as fashionable small-bottle liquor targeting young people. Will Joybo go on the increasingly competitive niche liquor track in the future? This thesis collects the data from Joybo's CMO Mr. Ye Ming's offline lectures that the author attended in 2018, as well as social media text reports and explanation videos about Joybo, and makes relevant analysis.

2. CORPORATE PHILOSOPHY

Joybo, founded in 2011, is a company focusing on the production and sale of the liquor industry [3]. Tao Shiquan, the founder of Joybo, was born in Changsha, Hunan province in 1978. After graduation from his university, he entered a well-known domestic alcohol factory, Jinliufu. With his excellent marketing ability, he became the general manager of the branch in just two

years. During Jin Liufu's tenure, Tao Shiquan found that most of the consumers of liquor were middle-aged and elderly people. Most of the young people chose beer, wine, and imported spirits. Tao Shiquan began to think, why can't we open up the liquor market among young people? With this idea, he made up his mind to make a liquor brand for young people. He resigned from Jin Liufu in 2011, and started the current Joybo wine industry in Chongqing with several partners, taking rejuvenation as the core DNA of the brand, injecting fresh blood into this traditional industry, and finding the right target for young people.

The first thing Joybo has to solve is the taste of liquor. Most young consumers or light consumers of liquor will feel that sauce-flavor liquor is too spicy and strong, and easy to get drunk. Therefore, Joybo chose to be the mild aromatic Chinese spirit and continued to seek technical improvements. Based on inheriting the Sichuan-style wine production method in the southwest, Joybo created the original simple brewing method and SLP product code (smooth, light, pure), which makes the wine taste lighter, purer, softer and more delicious. The second is the positioning of the scene in which the product is designed. Tao Shiquan advocates turning the product into a solution for users in a certain scenario, carefully analyzes five scenarios of young people drinking, and chooses to give up the first four formal occasions (government business reception, company banquet, family banquet, gift market), focusing on the last item (leisure and relaxation). All Joybo products are based on scene design. For Joybo, liquor no longer represents a prosperous and complicated wine table culture, but a catharsis of true feelings. Joybo has designed personalized packaging and quotes that also attract young people. These seemingly classic, heart-warming copywriting captured the hearts of young people, and Joybo immediately got a violent response when it went public.

In 2012, at a spring exhibition in Chengdu, Joybo made its first appearance. It is the first alcoholic drink targeted at young people in the liquor industry of China. Over the last 11 years, it gradually built up its distribution channels and supply chain, with its main product being light liquor in a bottle of 100ml.

According to an open letter by its founder, Joybo accounted for a mere 0.5% of the market in 2019, which was worth an estimated 2.9 billion yuan. Such revenue, even if slightly lower than that of the 6-century-old brand of Shuijingfang, was still seen to be the upper limit of newly founded brands in the liquor industry.

The market size of the liquor industry is 600 billion in China and is still growing over years. The competition is quite fierce, especially in the high-end liquor market. There are many famous liquor brands in China such as Maotai, Wuliangye. Due to the competition of the red ocean market of the Baijiu liquor industry, Joybo chose

to explore the blue ocean market of the Baijiu liquor industry.

Joybo believes that small is big. So, it chose small type, small scenario, small group of people, a small starting point. Firstly, it was small type. In terms of liquor style, liquor is categorized into 3 types--strong aromatic style (Wuliangye and Luzhoulaojiao which are both the famous liquor brands in China), Moutai aromatic style (Moutai and Langjiu), light aromatic style (Zhuyeqing and Joybo which have light, gentle and sweet flavor can be more popular among people who are new to taste liquor. Secondly, it targeted on small scenario: We would rather define Joybo as a beverage with emotional value rather than just a kind of liquor. When traditional liquor chose to do advertisements on TV, in malls, and on led screens, Joybo had already tried to build up a connection and empathetic interaction with young people. For too many young people, what caught their attention first was the copywriting printed on Joybo's bottle. There is a variety of copywriting. All of them express the romance and sorrow experienced by many young people in their lives. For example, a lack of sense of security in their career, pressure at work, confusion in love. All these emotions and feelings are expressed in their fashionable copywriting, which goes deep into the hearts of young people. Due to Joybo, liquor no longer just appear on the scenario of business dinner or social activities, but also appear on the table of casual gathering among young people or drinking alone privately. Thirdly, Joybo chose small group of people as its target customers. Joybo chose young people as its main target customers. Before 2012, the young customer was not a concept frequently mentioned in the liquor industry. Almost all major liquor brands were trying to compete in the high-end market. At that time, the purchasing power of liquor was not strong enough in China, therefore young people were excluded from the identified target consumers. On the other hand, liquor was often associated with social gatherings and bureaucracy. Therefore, young people had a psychological reactance towards liquor, and there was a barrier between liquor and young people until the birth of Joybo. "Young people say no to liquor was not because of its taste. They say no because they don't like the old-fashioned drinking culture, where everything is artificial and coercive." That was what Joybo trying to tell young people with their brand culture and chose them as its target customers. Last but not the least, Joybo contains only 40% alcohol. It may not taste as good as many major liquor brands on the market. The company understands that it will be difficult for the brand to attract customers based on its flavor alone. Therefore, they work hard to market, build brands, and increase brand value.

3. SECRETS OF JOYBO'S SUCCESS

Many firms and researchers like to mention Joybo in their case studies, and many of them attribute its rise to

its fashionable and mindful copywriting. But if we carefully examine it, there are things far beyond that.

Firstly, Joybo has taken advantage of the development of liquor industry in China and explored the blue market successfully. The development of the liquor industry in China can be divided into 3 stages[4]. The first stage was 1989 and the time before. It was an old-time for this industry when firms attached little importance to brand building. The second stage was 1990-2000. It was a time for advertisement. Consumers mainly depended on CCTV, the state-owned national TV broadcast, to get information, due to a lack of information channels at that time. The third stage was from 2000 till now. It has been a time for brand differentiation. Firms have rebuilt their brands by redefining their positioning the brand, target consumers and consumption scenarios, and marketing strategies. Under this tendency, Joybo has done a lot of research on the upgrade demands of its target consumers. The founder considers it would be wiser to explore their own Blue Ocean rather than dividing up the existing market. And it found that nowadays young customers' demand has shifted from a satisfaction on the product level to a satisfaction on a mental level. Therefore, they focus on consumers of the young generation, try to satisfy their demand and develop customers with loyalty to the taste of their liquor. It found its cut-in point by targeting a niche product, non-traditional consumption scene and minority group, accurately capturing the preference and demand of young people, and developing a large group of fans.

Secondly, Joybo had a remarkable performance on brand innovation. It broke away from the conventional way of marketing and began to promote new products that target young people, with the features of a low percentage of alcohol and light flavor which is more friendly and more acceptable for young people who normally do not have much experience on tasting Baijiu liquor before.

Thirdly, the key factor of Joybo's success is its in-depth hard-working on marketing. Joybo's outstanding marketing strategy includes three main aspects[5]. Firstly, it is youthful brand positioning. Secondly, Joybo has created personalized and three-dimensional brand image. Thirdly, Joybo has triggered customer spontaneous communication through in-depth insights. Before 2011, there was no brand in the liquor market suitable for young people, but Joybo found that liquor for 10 yuan had a market share of 75%. So, it quickly targeted the younger liquor market and became China's new business card for innovative liquor. And its fashionable and mindful copywriting is the soul of the company's marketing strategy. To prevent the company's copywriting team from drying up, it transitions from a copywriting bottle to an expression bottle, allowing customers to participate in its copywriting planning, printing the copywriting they want to express on the bottle body, expressing emotions

for customers, and so on, which powerfully resonate with customers. In 2020, under the pandemic's influence, they let user fans join the winery supporter program. Various marketing methods have allowed the company to stand out in the liquor industry.

Fourthly, with Joybo's patience and diligence, it gradually built up its distribution channel. Channel building is also a key secret to its success. Instead of relying on big selling agents like other liquor firms conventionally did, Joybo adapted the strategy of depth-distribution, a way that is generally associated with firms in the industry of fast consuming goods. Their salespeople promote their products to almost every single restaurant and finally, their product's presence is everywhere in the region.

Last but not the least, customer orientation. In the annual meeting of BA capital, one of Joybo's investors, Joybo's founder said, their priority is to focus on the customer side, and create values for their customers. Although the firm relies on the business-to-business relationship to realize its distribution and generate revenue, it is clear and undoubted that the driving power for the business-to-business relationship to successfully create values comes from the customer side. Therefore, they should always put customer demand on the top of their list, and update their product.

In 2018, the sales of Joybo exceeded 2 billion. It cooperated with Tencent (one of China's biggest corporations) on marketing based on big data. After that, it continued to grow at high speed for years[6]. On November 19, 2021, Joybo sent 100 copywriting statements on the internet, rushed to the hot search on Weibo, and swiped the screen in the circle of friends. On the tenth anniversary of its establishment, Joybo really became popular again.

4. DISCUSSION

Even though Joybo had made great success in China's liquor industry, there are still some disadvantages to it. To name just a few, its price is a little expensive in many young people's eyes. Most of the things that are sought after by young people are very expensive, and the same is true of Joybo. Although a small bottle of Joybo looks cheap, the average price is about 20 yuan, but if it is converted according to the specific capacity, Joybo's price is much higher than the price of liquor of the same quality and grade, and young people are paying a premium for literature and art. In addition to the high price, many people think that Joybo is difficult to drink and the quality is poor. Tao Shiquan is also quite innocent and helpless about the above negative comments. He has always attached great importance to product quality - brewing with pure sorghum, and using the integration ability of the whole industry chain to control the quality and production capacity. To this end, he specially built a

sorghum planting demonstration farm of more than 5,000 mu in Baisha Town, Jiangjin District, Chongqing City. Even so, it is impossible to avoid criticism from social media. There are some negative reports about Joybo being attacked by excessive marketing and disappearing. Joybo ignored it, but began to hide its strengths and bide its time, focusing on the improvement of wine quality and the international market, and promoting the internationalization of liquor.

But meanwhile, we can see that as time goes by, more and more liquor companies are following Joybo's lead, and they have also launched similar rejuvenated small bottled liquors, and the competition in the rejuvenated liquor market has become increasingly fierce. On the other hand, there are some negative comments about the taste and quality of Joybo. In the future, whether Joybo can maintain the second echelon in the domestic liquor market, or whether its status is further improved or declined, depends on whether it can improve the quality and taste of its products in addition to marketing, and increasing its customers. Mr. Tao Shiquan, the founder of Joybo, said that he hoped that they would bring us not only a bottle of wine, but also a cultural imprint of an era. It is hoped that the cultural imprint of Joybo will become more and more bright, and the enterprise will become farther and farther away, and it will reach a higher level.

As a tier 2 brand in China's liquor industry, maybe Joybo cannot compete with Tier 1 traditional big names in terms of flavor, but it is undoubtedly a remarkable brand in terms of innovation in its business model.

Over the past decade, Joybo's development was like a plane taking off. After a long approach run, it escalated rapidly after taking off. Within a decade, its revenue increased from 0 to 3 billion. The valuation given by the capital market is now 36 billion.

5. CONCLUSION

In summary, Joybo's success has the following reasons. Firstly, it chose the incremental market, commonly known as the blue ocean market, and carried out a unique and innovative category positioning. Secondly, with the user as the core and demand as the guide, build the underlying logic. Joybo designed different product application scenarios and fashion copywriting for young users, and gradually cultivated many super users, allowing them to go from cognition to understanding, to recognition, to resonance, to the final sharing, and finally, a wide range of promotions and awareness enhancements have been achieved. Last but not least, excellent brand packaging and marketing promotion. Joybo used the packaging of the expression bottle, and printed various copywriting expressing emotions on the wine bottle, emphasizing the emotional appeal of users in leisure scenarios which strike chords with young people, especially youngsters in first-tier

cities, to be under pressure from work and life. This article has conducted certain research on the marketing strategy of Joybo, a wine company, but because Joybo has not yet IPOed and has less public data, the research is limited and cannot be further explored. It is expected that Joybo will have more public data disclosure in the future, which can supplement related research.

ACKNOWLEDGMENTS

First and foremost, I would like to express my heartfelt gratitude to Professor Noel Capon, my supervisor, for his constant encouragement and guidance. Without his illuminating and consistent instruction, this thesis could not have finished. Secondly, I also owe my sincere gratitude for tutors including Miss Wang Yuting and Miss Huang Yifan who have gave me much valuable advice. Last but not least, I would like to express my gratitude for my beloved family for their considerations and support.

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