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How to Develop Online Marketing Channels in the Real Economy During the Epidemic of COVID -19

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Abstract: Under the general environment of COVID-19, the global economy has been hit to varying degrees, which makes inflation more severe than before. Inflation has increased the cost of raw materials and labor, which has affected different industries to varying degrees. On the one hand, the price is rising, and on the other hand, the consumption level and consumption are declining due to COVID-19. This impact is more evident for some enterprises that prefer offline marketing models. Because of the effects of COVID-19, many enterprises that focus on offline marketing but ignore the diversification of marketing channels have further increased their losses or even gone bankrupt. Therefore, it is necessary to carry out marketing reform in this case. This paper analyzes the characteristics of the COVID-19 environment and successful transformation cases and uses the process tracking method in case studies. By summarizing the methods used in successful cases and generalizing them, people can sort out plans suitable for most enterprises' transformation and provide some ideas for some companies that do not know how to transform.

Keywords: Online Marketing Channels, Internal Mechanism, Real Economy, Impact of COVID-19

1. Introduction

In the case of the prevalence of covid 19, the dual impact of viruses and policies has led to a significant increase in the cost of labor required for product production, which has directly or indirectly affected the price of raw materials for many commodity productions. From the perspective of pricing, most of the pricing decisions are based on production costs [1], so the rise in the price of raw materials affects the increase in pricing or the seller's profit to some extent. At the same time, this kind of environment has caused a massive blow to the social economy, putting the economy in a depressed state. The economic downturn has particularly impacted consumers' work and wages. The reduction in income has significantly reduced consumers' desire to buy and consumption ability [2]. The rise in costs and the impact of consumer purchasing power and policies have led to a sharp drop in profits or even losses for many sellers, which is more evident in offline physical stores with a single sales channel. The reduction of profits and the expansion of losses have led to the inability of some physical stores to carry out normal business activities, forcing them to cut jobs or close down. People must first extract the problem from the phenomenon

to find a solution. Based on the above situation, the following questions are summarized: Why should physical stores transform, and how should physical stores change? How should they develop after transformation?

In this study, through the process of tracking and analysis of the way for Nai Xue's tea real economy to survive the epidemic and the adjustment of the internal mechanism to break through the dilemma, as well as the transformation of Nai Xue's tea online sales, and the final results, this research summarized and expanded the following research ideas: First, the marketing 4Ps are used to analyze the businesses that remain profitable in the context of COVID-19 and their positioning in the market. Secondly, from the perspective of advertising, it examines how to make publicity to attract consumers. Finally, user reviews are extracted from social media and filtered to observe the market reaction. Through these analyses, a plan suitable for the transformation of physical stores is formulated.

2. Introduction How the Real Economy Survives during the Prevalence of COVID-19: A Case Study of Naixue Tea

Naixue's tea was founded in 2015; with a cup of good tea, a bite of soft button soft omelet dual category model, Naixue hopes to bring good tea to everyone through the simplest way to meet modern life; as of June 2022, Naixue's tea has opened close to 900 directly operated restaurants in more than 80 cities in mainland China and Hong Kong, Hong Kong and other places in China, which shows the rapid development [3].

The sudden and unpredictable public health event of the New Crown Epidemic in December 2019, which suppressed total social demand and the continued spread of the epidemic and endangered the safety of public life, tended to cause public panic, which in turn reduced the purchasing power of people as well as consumer demand, thus leading to fewer customers in offline stores. The Chinese New Year period is the most popular time for the restaurant industry to spend money. This week will concentrate on a series of dinners, such as New Year's Eve dinners and gatherings of colleagues and friends. Statistics from the China Culinary Association predict that the check-out rate for New Year's Eve dinners during the Spring Festival in 2020 will reach about 94%. This indicates a significant drop in turnover for caterers.

In addition, the cost of food adds to the already suffering business, as frozen food such as fruits, vegetables, and other foods with a short shelf life are quickly spoiled and unusable. At the same time, the lack of regular business hours and unstable staffing resources are also not negligible, making costs continue to rise. As a member of the food service industry, Naixue's Tea was also severely affected by rent, loss of semi-finished products, and staff wages, all of which caused severe losses to the business and could not be avoided in the face of the epidemic.

To help enterprises cope with the adverse effects of the epidemic, green channels are set up for employees to return to work, such as using "process certificates" and "health codes" to monitor employees' health and help enterprises meet their needs for reinstatement. In addition, the transformation of catering enterprises is also an issue that must be considered. The first step in marketing is to stand at the angle of consumers to meet their changing needs. Before this public health incident, Nespresso's tea was priced high and focused only on offline marketing, lacking online activities. After the epidemic, Naixue's tea concentrated on matching online and offline.

Naixue's ability to develop new ideas and launch new products quickly is its extremely favorable competitive advantage, converting offline advantages into online gifts. The strict system innovation system allows the branches always to maintain high sales. Nespresso is constantly trying to introduce new products while ensuring its core products maintain a stable competitive advantage. It has an experienced management team that continually plans successful strategies for the company,

its most successful decision being cooperative distribution. This system allows it to guarantee the company's image and provide high-quality service to its customers from start to finish.

3. The Internal Mechanism of Naixue's Tea to Break the Dilemma

In recent years, Naixue's tea sales performance has suffered a severe decline. How to make profits has long puzzled Naixue's tea [4]. In 2018, 2019, and the first three quarters of 2020, under the international financial reporting standards, Naixue suffered losses of about 69.729 million yuan, 39.68 million yuan, and 27.513 million yuan, respectively, and the accumulated losses in three years exceeded 137 million yuan [2]. COVID-19 is even worse. Getting rid of the predicament has become the top priority of Naixue's tea business. So how can Naixue's tea solve the dilemma? The marketing principles behind it can be summarized in the following three aspects.

3.1. Better Financing and Scale Expansion

Listing financing is an opportunity for Naixue to expand coverage to complete transformation and upgrading under the reasonable use of capital. From the information disclosed by Naixue's tea, expanding the range is a top priority. It is planned to open about 300~350 Naixue tea and tea shops in first-tier cities and new first-tier cities in 2021 and 2022, respectively [5]. It can enhance market competitiveness.

3.2. Reduce Input Cost and Make the Transformation

The most typical is that the tea of Naixue negates the big store model that it has insisted on for many years. Naixue once used the big store model 200~400 square meters as the main competition point. It is reported that in recent two years, Naixue's tea has launched PRO stores with an area of no more than 150 square meters. Information from the prospectus shows that 70% of the more than 300 new stores will be PRO Naixue tea stores: smaller in size and with fewer employees. Compared with the standard stores, the number of employees in PRO stores has been reduced from 21 to 13, and the average investment cost in the early stage has been reduced from 1.8 million yuan to 1 million yuan, minimizing the franchise cost and promoting the operation.

3.3. Expand Marketing Channels and Innovate Interactive Fields

Naixue's tea launched more than 20 new Chinese snacks. At the same time, under the creative concept of "Naixue's first theater in China," Naixue Dream Factory was built into a Chinese opera space, presenting an immersive tea-drinking scene of "watching the theater, drinking tea and eating snacks." Nai Xue opened the veil of more than 20 snacks with the help of three classic operas, vividly showing the quintessence of Chinese and tea cultures. For example, "Double Crisp, Double Flying Butterflies Crisp" in "Garden Fantasy," "Farewell My Concubine, Overlord," and "Hero Cigar Roll" in "Farewell My Concubine." Nai Xue Dream Factory also launched four flash drinks, including "Misty Rain in Lishan Mountain, Plum Blossom Drunk" and "Cold Dream, Mandarin Duck, Duck, Duck, Dung Fragrance" [6].

In terms of national style exploration, Naixue is not only "nostalgic" but also "thinking about the present" with digital technology. "Consumers have deep feelings for Chinese style. Chinese style is a trend and a common aesthetic identity." Naixue's tea said that, in addition to the introduction of unique national style famous tea gift boxes and heart cards, Naixue would continue to explore more diversified national-style products in cross-border products and other aspects and make use of digital operations to let more consumers see these products full of oriental charm and improve brand competitiveness.

4. How does the Real Economy Develop the Transformation Mode of Online Marketing

Market research plays a vital role in the whole marketing. It can help the seller market connect consumers and customers through the data obtained. Through processing and analyzing the data obtained by Market Research, the problems exist in current enterprise services or products [7]. Aiming at these problems, the 4p marketing basic theory (price, product, product, place) [8] is used to analyze and formulate the changes to be made during the next transformation. So the first step of transformation is to do market research. The specific steps are as follows:

Step 1: Determine the nature of the product and find out the problems arising from marketing

Step 2: Determine the method of research design (exploration)

Step 3: Look for data collection channels, determine sample size, collect information and analyze

Step 4: Draw a conclusion

After market research and 4p analysis, it is not difficult to find out the problems caused by the seller in the context of COVID-19.

4.1. Price

In the environment of COVID-19, the cost of labor and raw materials is on the rise. At the same time, the epidemic has brought a significant blow to the economy and the market, leading to a downward trend in consumer enthusiasm for nonnecessities [9]. All the above situations directly affect the profit of the seller. Therefore, it is necessary to adjust the price. There are three specific plans: price reduction to stimulate sales, price increase, and increase in the price range. It seems that price reduction and price increase can recover some profit losses for the seller in the short term, but in the long run, such practices will lead to the loss of some consumers. The first is to reduce prices to drive sales, likely leading to the loss of some high-end consumers. Because consumers purchase not only because the price is appropriate but also because of some personal factors (face, etc.). When the price drops, some high-end consumers will think that the product does not match their identity and look, so they no longer buy it. It is not worth losing high-end consumers for quick profits because it is more challenging to gain brand loyalty than ordinary consumers, and their spending power is much stronger than regular consumers. At the same time, there is a problem with the price increase. The price increase will lose the primary consumers of the brand, and the number of these consumers will be huge. Losing some of these consumers will undoubtedly cause the brand to lose market share in the long run. According to the above analysis, increasing the price range is the safest of the three methods. This method can maximize the retention of primary consumers and protect middle and high-end consumers.

4.2. Expenses

After the price range design is stable, the seller should analyze its previous expenses, classify them, and then determine which costs can be cut and which can not be cut to maximize profits. The seller can design different prices according to their situation, but they can be roughly divided into the following forms: necessary costs, unnecessary expenses, and optional expenses. The essential expenses refer to the costs for maintaining the regular operation of the seller, which should not be reduced as much as possible to avoid problems in the seller's process. The second is unnecessary expenses, which the seller must reduce or eliminate. This part of expenses can neither bring direct benefits (such as profits) nor indirect benefits (such as word of mouth) to the seller. Therefore, the seller needs to pay attention to unnecessary expenses when calculating and investigating the costs before investigation. Alternative overhead is a relatively vague concept: when should it be retained? When should it be reduced or eliminated? This is a challenge for the seller because this part of the expenditure may bring considerable benefits to the seller in the future, but it may not. Therefore, the

seller needs to be critical regarding alternative spending, tap its potential, and decide from multiple aspects. In addition, the seller also needs to pay attention to the changes like spending because the nature of the expenditure will change under the various influences of COVID-19. For example, before the outbreak of COVID-19, a large number of labor in offline stores was a necessary expense. However, since the epidemic outbreak, the number of offline consumers has declined dramatically due to policies and other influences, so a large number of labor has become an unnecessary expense. To sum up, it is essential to reduce or eliminate unnecessary costs and use this fund where it can benefit the seller in the commercial competition under the COVID-19 environment because it will affect the market share and profits of the seller.

4.3. Marketing Channels and Promotion Methods

Multi-channel marketing is essential for sellers in the COVID-19 environment. Because various circumstances in the particular period have changed consumers' consumption habits, but the change does not mean that consumers will completely give up their previous consumption habits. Therefore, it is more difficult for sellers to master the frequency of different consumers using different consumption channels than before the outbreak of COVID-19 [10]. To not lose the original market share and increase profits, the seller should use multi-channel marketing to communicate with consumers and facilitate transactions. Online development and transformation are significant in the current changeable market environment. Because when consumers cannot go out or go to the store, online sales channels can still play a stable role in communicating with consumers and facilitating transactions. In addition, online media break the boundaries of offline stores, which enables more potential consumers to see the products provided by the seller, thus improving the probability of transactions. Online marketing has an inseparable relationship with online transformation. After the online change, although more consumers can see the products, some consumers who have never tried them may have concerns about the products provided by the seller. To break consumers' doubts, online marketing plays a key role. The seller can expand the publicity of products and brands and reduce the trial and error costs of new consumers through the marketing method of advertising+preferential schemes, accumulate brand reputation while facilitating transactions, and lay a good foundation for future online or offline development. As mentioned above, although consumers' consumption habits have changed, it does not mean that they will give up their previous consumption habits, so offline stores also need to be retained. The seller can decide whether the offline store can be closed according to the store's reputation, sales, and environment. By using the funds saved from closing the offline store to build the brand's online image and reputation, the seller can maximize the use of funds to bring more benefits to the seller. In general, the online transformation will achieve good results if the above points are achieved

5. Conclusion

At the end of 2019 and the beginning of the new year in 2020, the disease of COVID - 19 began to break out in China, and the fight for epidemic prevention and fighting started. The epidemic is devastating to all walks of life, especially service-oriented enterprises. To break the deadlock and enable the enterprise to survive and develop. Countries and enterprises are seeking new ways of survival and development. The internal mechanism of Naixue's tea to solve the dilemma and how the actual economy develops the transformation mode of online marketing point out the direction for us. People should not only increase operating funds, reduce operating costs, expand online and offline operating channels, etc. The difficulties are only temporary. With the joint efforts of the country and all walks of life, the marketing channels will become broader and broader.

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