

The Analysis on the Factors That Attract Investors to Form a Successful Case

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ABSTRACT

Thanks to the development of business nowadays, investment becomes quite significant. Indeed, there exists a number of entrepreneurs looking for a chance to make their innovative business idea realized accompany with much competition. Hence, entrepreneurs have to pick up the most valuable investment that help them gain much profit. This article mainly analyzed the factors of attracting investment successfully, and the elements of making a business prosperous and successful. The Chinese company, HEYTEA, was mainly studied. Several factors could be appear including the marketing choosing, commercial strategy, and location. Based on the elements mentioned above, several suggestions were put forward.

Keywords: *Investment, Marketing, Location, Commercial Strategy*

1. INTRODUCTION

This article focuses on several elements that motive a cooperation to be prosperous, which is one of the most highly discussed topic in Financial and Business field. Through this paper, the author will talk about several factors such as production, audience and management which are significant for a company's development. According to [1], [2] and [3], the amount of currency and resource used by the cooperation can be a criterion of the success. In this article, the author mainly focuses on a famous company in China called HEYTEA.

To explore the important factor for HEYTEA to be prosperous, I stratify this article into several sections. Section 2.1 and 2.2 are about the backgrounds and descriptions of HEYTEA. Section 2.3 and 2.4 are about the analysis on the business model about HEYTEA and the factors are concerned with. The conclusion would be appear in section 3. The author proposes several factors that leads to HEYTEA to be successful including market strategy, producing strategy and location, which is the main part of this article.

2. MARKETING

2.1. Chinese business background

As the technology is consistently increasing advancement, the society is getting more and more

convenient. According to the Chinese policy of the government, the success of an enterprise always has following steps :

The first step is formulating the correct business strategy, seizing the opportunity and accelerating the development.

The second step is improving the capacity for independent innovation and form competitive advantages by means of technological progress and scientific management.

The third step is integrating the management, establishing a good reputation and corporate image, and following the law of value

The fourth step is. producing marketable products with high quality and enhancing the efficiency and vitality of enterprises

The last step is realizing merger and reorganization to improve the efficiency of resource use.

In China, entrepreneurship has always been encouraged especially after the Reform and Open Period. The market becomes wider and people would like to consume. The commercial environment is becoming gainful for any entrepreneurs to start their own business. However, following the correct market direction in the country is still confusing because of the consistently changing of the society. Our example about Chinese company HEYTEA illustrates this issue.

2.2. Special Case: HEYTEA

HEYTEA was founded in 2012 in Jiangmen, Guangdong by Nie Yunchen. At the beginning,

HEYTEA grabbed the chance of independent innovation. Nie Yunchen abandoned the operation mode of desktop milk tea and Hong Kong-style milk tea which were the mainstream in this area at that time, and also abandoned milk essence. Instead, he created a healthy milk tea with the novel technology strategy called "tea aroma as main configuration". At the same time, he didn't forget to assess customers' feelings and demands, keening to get feedback and adjusting the their commercial strategy. Because of the high quality of there marketable products, HEYTEA is popular and HEYTEA continues chasing great products in the process. Here the author lists the important elements of HEYTEA's development:

First, the emphasis the source of raw materials. HEYTEA develops customized raw materials by itself to ensure the quality of raw materials at the source.

Second, focusing on the taste adjustment. Nie Yunchen spent one year constantly adjusting the taste and modifying the production formula until he was satisfied with it. Almost all tastes were designed or dominated by Nie Yunchen himself.

Then, in the production of the product, HEYTEA brewing adhere to the use of 100°C high temperature water, 60 seconds of high pressure extraction. Each tea bag only used once, in order to maximize the fresh tea aroma

The novelty of the product and the purity of its taste has led to a gradual rise of the firm especially in its popularity and fame. In a single shop, some of its specials including SIJI Spring and LvYan sales can reach more than 2,000 cups a day. The average monthly turnover of a single store is more than ¥1,000,000 and the lowest stores can also reach 500,000 ¥. In this circumstance, many business man observed the huge success of this firm and they decided to catch the opportunity to invest it. This process could generate much profit gained partly by business man. As a result of the investment, HEYTEA now has more than 450 stores nationwide from its initial distribution in Guangdong. The Raffles Shanghai store is even far ahead in sales, with a daily turnover of 80,000 and daily sales of nearly 4,000 cups.

2.3. Analysis of HEYTEA

According to some analysis of the HEYTEA case and some other research, HEYTEA made use of the famous business strategy called "Hunger Marketing". By the research of Jinyuan shopping mall on Yuanda road in Beijing the following findings were obtained. First, the shop is full of people, less than 60 square meters of the shop is lined up in a long line of snake. Second, employees make milk tea in an orderly manner, and the finished milk tea must be distributed to customers with corresponding number according to a certain number.

Third, more than 2 hours of continuous publicity queuing unexpectedly stimulate the consumer desire. Hence, it can be concluded that "Hunger Marketing" turns hidden consumer preferences into visible queues and consequently, this business model makes consumers more interested in HEYTEA.

Following the view of the papers about business model including [4] and [5], the author proposes that the financing means of HEYTEA mainly pass two kinds: daily customer alliance and rotation financing with other large-scale related enterprises.

Most individual franchisees decide to invest a HEYTEA store in their own cities or regions by observing and imitating their products and business models. The franchising shop of HEYTEA is divided into flagship store, image store, standard store .

Moreover, investment also has big and small size. The size of it is according to the region. By March 5th, 2020, the franchise fee of other deposits, machinery and equipment, etc. is ¥ 50,000-100,000. Besides, depending on the size of the shop, it is preliminarily estimated that it needs ¥ 300,000 to join a small and medium-sized brand, and ¥ 500,000 to join a big brand that is a little similar. In addition to the attraction to investor before joining, HEYTEA continues to guide investors after joining. In order to bring rich returns to franchisees, headquarters also provided entrepreneurs with a variety of ways of cooperation, and they only needed to choose according to their own actual conditions, getting rich returns. Headquarters provided one-stop service, shop site selection and after-sales service. These measures strongly strengthen the guarantee of success of HEYTEA.

As for the mutual financing between large enterprises, most of the enterprises were aware of the benefits brought by HEYTEA and seek for cooperation and common development. In April 2018, HEYTEA conducted a b-round financing and reached an investment of 400 million yuan with Meituan's dragon ball capital. Earlier, in 2016, HEYTEA received a 100 million yuan financing from IDG Capital and He Boquan. Differentiating from the previous market perception of tea brands, Capital had positioned HEYTEA as a new retail company and the joining of the two rounds of capital made further digital transformation of HEYTEA. After the round of financing, It opened more than 100 new stores, overhauled and upgraded its supply chain, and put a lot of effort into store operations and staff training. The company also announced two new key points for business development in 2018: one was the delivery business, and the other was going to sea. This shows that Mei Tuan company had profound accumulation in data accumulation and operation system, which can provide assistance to HEYTEA. In addition, Mei Tuan company also had a layout in the field of overseas life, which could help HEYTEA expand overseas.

2.4. Location

The store location and design of HEYTEA also adhere to the concept of independent Innovation. Most of the shops are in popular local area. The main customers of these stores are young women and children, who are also the main customers of HEYTEA. Environments of the shops are increasingly important for young markets. For young people, going to a tea shop is not only about buying good milk tea, but also about finding a social place for chatting and gathering. It is in line with their favorite lifestyle and the consumption experience they pursue around these high-end shopping malls and grade A office buildings. It belongs to the gathering place suitable for their own labels, and appears fashionable, high-quality and full of youthful vitality. This consumer group also has a certain consumption basis with high salary, which means that they can accept the higher price of HEYTEA than other milk tea brands. By contrast, Ice and Snow Honey, another milk tea brand, operates mostly near schools and is consumed mostly by students who cannot always afford a cup of milk tea of similar price with HEYTEA. The author once did a survey and discovered that the price of three cups of Ice and Snow Honey is close to the price of a cup of tea, and the popularity of the brand is far less than that of HEYTEA. As a result, a single HEYTEA store will earn much more in a single day even though their ingredients are more expensive and their manufacturing processes more complex.

Besides, in store design, HEYTEA uses gray as the main color, with wooden furniture, simple and fresh cartoon. This setting is full of modern and simple design decoration style, which also makes people feel relaxed, comfortable, and full of texture. Even though the stores are crowded with customers, waiting for a cup of Yuni Bobo (A drink kind of HEYTEA) in such an atmosphere motives young people send a picture in moments of Wechat about HEYTEA. In such an era whose information exchange is very developed, this practice could be a really effective promotion and also motives more people get to know HEYTEA.

By comparing the customer flow and daily transaction volume of HEYTEA and other milk tea brands, investors will be more willing to join HEYTEA.

3. CONCLUSION

By checking several characteristics of successful enterprises in the Chinese market and comparing what the characteristics HEYTEA have, we conclude that HEYTEA is good at creating innovations and each of their products is carefully developed and produced. Besides, they are willing to get customer's feedback and then adjust their commercial strategy including their manufacturing issue, their location and

also their direction leading of the investment. Besides, HEYTEA is keen on using Hunger Marketing to stimulate customers further, which is widely used in the Internet business nowadays.

For investment, the financing of HEYTEA mainly includes two means: daily customer alliance and rotation financing with other large-scale related enterprises.

Specifically, HEYTEA focuses on the leading strategy when founding franchising, and their highly recommended eating environment positively influence customers so that their recommendation to their friends and families naturally become the advertisement.

Some enterprises which have formed operation have seen the potential advantages of the brand Xi tea, active financing to seek cooperation

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