

Challenges and Opportunities of Brand Communication for Small and Medium Tea Enterprises in the Era of Digital Transformation: A Case Study of Guizhou Province, China

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Abstract

Digital transformation poses various opportunities and challenges for the brand communication of small and medium-sized enterprises (SMEs) in the tea industry. This qualitative study aims to identify the problems that tea SMEs encounter in their brand communication and to propose strategies and suggestions for improvement. The study finds that tea SMEs have a relatively low level of awareness and understanding of brand communication, and they fail to recognize the changes in the market, communication channels, media, and consumers brought by digital transformation. Consequently, their brand communication concepts and strategies are outdated and ineffective, and they need to be revised and updated. The study suggests that tea SMEs should adapt their brand communication to the current media environment of digital transformation by shifting their communication marketing focus, delivering more distinctive and relevant communication content, and addressing the diverse needs of different consumer segments. These measures can help enhance their brand awareness and brand competitiveness in the digital era.

Keywords: Brand Communication , Era of Digital Transformation, Small and Medium Tea Enterprises

Introduction

The digital age has transformed the positioning and relationship of brands and consumers (Jackson, G., & Ahuja, V. 2016). The widespread use of smart devices and the advancement of communication technology have resulted in significant changes in the channels, content, and forms of brand communication. However, some SMEs, especially those located in rural areas, may not be fully aware of this transformation and may not have adapted their brand communication mode to the technological updates, market changes, and diversified consumer needs. Therefore, it is important to investigate and examine this phenomenon, in order to provide effective brand communication guidance for SMEs and enhance their market competitiveness.

SMEs are the main pillar and driving force of the national economy. They account for a large proportion of the economy, span across various industries, and contribute to the national economy by providing goods, employment opportunities, and innovation in diverse forms and types (Ayyagari, M., Demirgüç-Kunt, A., & Maksimovic, V. 2011). SMEs have obvious advantages, but they also face significant challenges. Particularly in the field of agricultural products such as tea, most SMEs are located in rural areas, where the operators and owners are often the same, and they lack sufficient modern marketing and management experience to expand their business and scale (OECD. 2009). Moreover, most SMEs have a traditional and fixed understanding of brand communication, relying on conventional media and social platforms.

They have not been able to effectively exploit the opportunities of digital transformation to enhance their competitiveness. Furthermore, SMEs have a relatively short life cycle and small scale. Compared with well-established enterprises, they lack experience, technology, and capital in brand communication and management. It is necessary to study the brand communication of SMEs in the digital era. The aim of this study is to examine the concept, mode, and ability of brand communication of SMEs, and to propose strategies and suggestions for improving their competitiveness in the fierce market competition.

In China's Guizhou Province, green tea production and sales have a long history of more than 2000 years, and in the past 7 years, Guizhou Province has once ranked first in the country in terms of tea plantation area and tea output. Besides its history and production, the tea economy has become one of the pillar industries in Guizhou Province, and the number of people involved in tea-related industries has exceeded 3 million.

However, Guizhou tea has not established a brand and reputation in the Chinese consumer market that correspond to its production scale and historical position, which constrains the development potential of local tea enterprises in Guizhou. Currently, there are nearly 6,000 registered tea enterprises in Guizhou province, of which more than 90% are SMEs (with fixed assets of 5 million yuan, less than \$700,000). At present, SMEs in the tea industry in Guizhou face difficulties in entering the core areas of market competition, winning the market competition through brands, and even avoiding the crisis of OEM production and brand disappearance. If the brand awareness and brand value of Guizhou tea enterprises can be improved, then the local economic level will be greatly enhanced, and a transition from quantity to quality can be achieved.

The main cause of the problem is that the operators of local SMEs in the tea industry have a traditional and fixed perception of brand communication, and they do not recognize the changes in communication media, communication content, communication form, and consumers brought by the digital era. Therefore, this study will take SMEs in the tea industry in Guizhou Province of China as the research subject to explore strategies to improve their brand communication perception and enhance brand communication efficiency.

OBJECTIVE

The study aims to investigate the brand communication promotion strategy of SMEs in the tea industry in Guizhou Province, China, in the digital era. Current situation and analysis of brand communication of SMEs in the tea industry in Guizhou Province Existing model of brand communication

1) Differentiating products by holding and participating in professional tea events. The first strategy is to participate in competitions to gain recognition. The competitions are traditional events in the tea production areas, because most of the tea produced in Guizhou is handmade tea, which mainly relies on the quality evaluation of the tea conference judges based on the appearance, color, smell, taste, and other aspects of the tea. The enterprises participate in the competitions as units and have a greater influence in the industry. The second strategy is to organize and join various types of tea tasting and tea product promotion events. Most of the major tea-producing counties in Guizhou province hold various types of tea tasting and tea product promotion events in the spring to attract customers and agents and expand the scope of tea sales.

2) Enhancing brand awareness through media promotion. Before 2020, they mainly relied on traditional media for publicity. In 2020, due to the impact of COVID-19, most tea brands and tea merchants began to try online live broadcasting and selling products through TIKTOK, Taobao, and other sales platforms. Guizhou Tea Association began to consciously assist tea enterprises and tea merchants to sell online; second, relying on local officials as opinion leaders to sell and promote local tea online and on social platforms; and third, participating in promotion and exchange exhibitions in different inland provinces, and signing cooperation agreements with different places, including tea trading. These strategies have opened up channels for Guizhou tea to enter commercial supermarkets in other inland provinces.

3) Promoting through word of mouth and website sales. At present, the tea of SMEs in the market mainly relies on offline store sales, and they attract customers by showing the quality of tea and the skills of brewing tea, but there are few innovations and activities to increase customer engagement and loyalty. Although they also opened online stores, they provided few product introductions and descriptions, and did not establish differentiated brand strategies according to different consumer needs and preferences, but simply moved offline products to online, lacking interaction and experience. This approach cannot fully utilize the advantages of the online platform, and can only form offline word-of-mouth effect.

3.1 Analysis of the challenges faced by brand communication of SMEs in the tea industry at present

1) Environmental changes in the external market. One challenge is the market internationalization and integration. First, with the widespread use of mobile devices and the reduction of communication

costs, the current brand communication can overcome multiple barriers and regional restrictions to reach the target users, thanks to the convenience of “space-time collapse”. The original boundaries between first- and second-tier cities, third- and fourth-tier cities, and rural markets have gradually become blurred. Second, digital transformation has a stronger ability to adapt to different external social environments. In different cultural systems, brand communication needs to consider different cultural and social concepts, beliefs, and other factors that affect the behavior and thinking of consumers in the region (Keller, K. L., 2009). Inappropriate brand communication methods may increase cultural conflicts and misunderstandings. Big data and artificial intelligence can be used to analyze and predict the characteristics and needs of audiences in different cultures, and to provide brand communication content and brand experience that align with local consumer values, beliefs, customs, and norms.

Another challenge is the fragmentation and long tail of brand communication caused by market segmentation.

The first aspect is fragmentation. Brand communication has shifted from product-centered to user-centered. However, with the development of society, the population has become more diverse and individualized, which has led to the segmentation of communication, the circle of audiences, and the niche of media. In terms of channels, brand communication increases the scope and frequency of communication and increases the interaction with the audience through more diversified social networking sites, media, and mobile applications. In terms of content, brands display and convey brand image and value through various types of information and stories (Priyono, A., Moin, A., & Putri, V. N. A. O. 2020), such as short videos, interactive games, etc., which increase the diversity, fun, and interaction of brand communication and satisfy the cognitive and emotional needs of audiences. In terms of audience, big data provides more reliable and scientific statistical data, so that brand communication can more effectively provide customized and differentiated content and experience for different groups, individuals, or market segments through analysis (Mohammed, I. 2007). This enhances the effectiveness and relevance of brand communication.

The second aspect is long-tail. In the digital era, due to the convenience and accessibility brought by the collapse of time and space, as well as the abundance of products brought by the development of social productivity, niche products other than popular products form economies of scale on the demand side by meeting the needs of different consumers. The long tail of brand communication is to reaggregate the actually dispersed market segments through the internet to conduct niche communication with differentiated targets and dispersed vehicles. In other words, brand communication no longer relies on a few popular products and services, but meets the preferences of different audiences through a large number of niche products and services. Moreover, based on the convenience and low price of communication channels, the audience can be communicated repeatedly and for a long time to generate profits, thereby increasing market share and profits, and expanding brand community and reputation (Zamani, S. Z., 2022).

2) Analysis of the problems in the brand communication strategies of SMEs in the tea industry.

In the digital era, the research of brand communication has undergone three shifts. One is from the unidirectional transmission of web1.0 to the multidirectional transmission of web3.0 (Fournier, S., & Avery, J. 2011

); the second is from the product-driven transmission to the value-driven transmission (Urde, M., & Koch, C. 2014).

From the current brand communication mode of SMEs in the tea industry, the first problem is the wrong choice of communication target. SMEs focus on professional events such as tea competitions, and the participants are mainly peers. Even if they achieve a good ranking, it is hard to have a greater impact on consumers. The deeper reason is that they do not realize that the main subject of brand communication should be based on customers, and they still use the traditional way to focus on products. The second problem is the outdated model of online sales. They choose local officials as opinion leaders to promote online, rather than internet celebrities or celebrities. Such a choice may be helpful for consumers to recognize the quality of the company's products, but it is not attractive and appealing to potential customers. Moreover, although they have established

online stores, they have not provided detailed and interesting product introductions and descriptions on the website, highlighting the features, effects, origin, production process, etc., so that consumers can learn more about tea knowledge and culture. There is no professional and friendly customer service system set up on the website

to answer consumers' inquiries and questions in a timely manner, provide personalized advice and services, and increase consumers' trust and satisfaction.

3.2 Strategies and suggestions

In the digital era, brand communication is faced with the ever-changing diversified needs of consumers, the internationalization of the market, the integration trend, and the update of communication and information technology. It needs to further adapt and use new technologies and platforms to adjust and enhance the effect of brand communication. Moreover, brand communication has already entered the stage of paying attention to customer experience. The current research focuses on brand community, emphasizing the importance of customers and customers themselves as producers of brand communication content.

1)Clarify the objectives of brand communication SMEs in the tea industry need to clarify the objective of brand communication, that is, the audience and communication effect of brand communication. According to the market changes, SMEs in the tea industry can determine the brand communication objectives based on their brand features and the diversity of consumers, and use big data to select different communication channels, formulate communication content and communication methods according to different objectives. Specifically, it can be divided into three levels: First, it should enhance the brand awareness and the audience's understanding of the brand. Let more potential consumers know the existence of the brand. New media platforms such as TikTok can be selected to release simple and attractive communication content, such as brand stories, and display brand features with concise language and image to form differentiation; Second, it should promote the audience's affection and trust in the brand. The objective of this level is to make consumers who already know the brand have positive feelings and trust in the brand, and enhance the brand's sense of closeness and identity. Select highly targeted professional communication channels, release in-depth and valuable communication content, such as product introduction, consumer reviews, expert comments, etc., and display the brand with professional, reliable, and real evidence; Third, it should promote the audience's purchase and recommendation of the brand. Let consumers who like and trust the brand produce purchase and recommendation behavior, increase their interaction with the brand and form word-of-mouth effect. You can choose some incentivized communication channels and release stimulating communication content, such as preferential promotion, lottery, gifts, etc., to stimulate consumers' desire to buy and share with affordable conditions.

2)Design the communication process. SMEs need to customize and manage the communication process. It is mainly divided into four steps. First, it is to plan the brand's target strategy budget. By considering the features, advantages, and positioning of the brand, as well as the needs and preferences of the target consumers, allocate resources and costs reasonably to ensure the efficiency and effectiveness of brand communication; Second, it is to create and publish branded content and engage with audiences; Third, it is to use questionnaire, evaluation, and data analysis software to collect and sort out the data feedback of brand communication. Finally, it is to identify the strengths and weaknesses of communication based on the data feedback results, and specify improvement measures and plans. Digital technology can help SMEs achieve this process and achieve continuous improvement of communication activities, as well as provide more sources of information and communication channels, so that SMEs can better understand consumers and markets, and more flexibly choose communication methods suitable for their own. More tools and methods can also be provided to make it easier for SMEs to create and publish content, collect and analyze data more quickly, and adapt and improve campaigns more effectively.

3)Emphasize the mode of multidirectional transmission In the digital era, the mode and method of brand communication have undergone major changes, and two-way communication between brands and customers, multi-way communication between brands and customers, and customers and customers have become more mainstream. This means that the brand is no longer unilaterally delivering information to the customer, but interacting and dialoguing with the customer, and letting the

customer participate in the construction and development of the brand.

At the same time, customers are no longer passively receiving information, but sharing and communicating with brands and other customers to express their opinions and feelings. By exchanging brand information with each other, the audience can actively participate and give feedback, thus enhancing the audience's involvement and loyalty, and increasing the audience's trust and affection for the brand. As an effective communication tool and platform, brand community is the way to realize such a brand communication mode. By building an online social network around the brand, help SME brands build long-term relationships with customers, create impactful content, and inspire communication and interaction between customers. It can effectively enhance the influence and reputation of the brand and form a positive brand image and reputation.

Conclusion

This paper takes SMEs in the tea industry as the research subject, discusses the changes in the mode and method of brand communication in the digital era, and how SMEs in the tea industry cope with such changes to improve the effect of brand communication. This paper analyzes and discusses from the following aspects:

First, this paper analyzes the impact of the digital era on brand communication, pointing out that two-way communication between brands and customers, and multi-way communication between brands and customers, and customers and customers are becoming more mainstream. This communication mode requires brands to interact and dialogue with customers, rather than unilaterally delivering information to them, and to let customers participate in the construction and development of the brand. Second, this paper analyzes the current situation and problems of SMEs in the tea industry in brand communication, and points out the shortcomings and difficulties of SMEs in the tea industry in brand communication. Third, this paper proposes some suggestions and measures for SMEs in the tea industry to improve the effect of brand communication, including: improving the perception of brand communication, clarifying the objective, changing the brand communication strategy, establishing brand community, building long-term relationship with customers, interacting with them, motivating and rewarding them, etc.

Based on the above analysis and discussion, this paper argues that in the digital era, SMEs in the tea industry need to improve their perception of brand communication and change their brand communication strategies, in order to maintain and enhance the competitive advantages of their products and services, improve product visibility, and meet the diversified needs of a wider range of consumers. Only in this way can SMEs in the tea industry stand out in the fierce market competition and achieve sustainable development.

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