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Joyoung Soymilk Maker: Segmentation, Targeting, and Positioning

Overview

The Chinese version of the Joyoung brand (“nine suns” in Chinese characters) was launched in 1994 when a group of recent college graduates invented the world’s first automatic soymilk maker home appliance. After riding through some ups and downs, the Joyoung manufacturing company decided on a multiproduct strategy and founded Shandong Joyoung Electric Appliances Co., Ltd. in 2002. The business was further reorganized as the Joyoung Company Limited in September 2007. Joyoung had three main production bases in Jinan (Shandong), Hangzhou (Zhejiang), and Suzhou (Jiangsu), with nearly two thousand employees. From 1994 to 1999 the company’s sales grew rapidly from RMB 6 million to RMB 120 million, and the growth trend had continued. By the first quarter of 2006, sales of Joyoung’s signature product—the soymilk maker—surpassed all sales by Philips Home Appliances in the Chinese market.

With the mission to make it easier for consumers to enjoy healthy lifestyles, Joyoung focused on the household appliances industry. After several years of rapid development, Joyoung had become one of the most prominent brands in the field. Joyoung’s most popular product, its soymilk maker, led the field with a market share of more than 80 percent. In fact, Joyoung was the largest designer and manufacturer of soymilk makers in the world, and to date the Joyoung soymilk maker had obtained more than twenty patents. Other products by Joyoung also had significant sales in the industry. Besides producing the soymilk maker, Joyoung was also a popular designer and manufacturer of induction cookers, blenders, juicers, electrical kettles, electrical pressure cookers, and soup/rice cookers. All these products ranked among the top in their categories in China. Notably, Joyoung’s blender and juicer ranked number one in sales, as reported by a 2007 survey conducted by CMM International. The Joyoung induction cooker, Joyoung kettle, and Joyoung purple clay soup/rice cooker all ranked number two in their respective market segments after only a few years of growth.

Joyoung differentiated itself from the competition through constant innovation to develop high-quality and distinctively designed products that met consumers’ needs. In the past twelve years, Joyoung had undertaken seven major technology innovations. Marketing managers collaborated with internal electrical engineers to deliver on this vision. In each case the process began with researchers identifying product categories, styles, colors, and other features relevant to products that could fit into Joyoung’s domain of household electrical appliances for healthy living. Marketing managers then used this information to develop a specific business strategy

based on the trends and new consumer needs. Next, the product design and development team overcame technical difficulties and provided a solution that reflected the marketing team's vision and strategy. Finally, the marketing and sales managers strategically launched and promoted the new products, such as a flexible-filter soymilk maker and the purple clay products.

Joyoung was among the fast-learning Chinese companies that relied on extensive marketing research. It hired Shanghai SICC Marketing Consulting Corporation Ltd. to conduct research on its dealers' contentment and customer satisfaction. Joyoung also purchased annual reports on the Chinese small home appliances market through the well-known Marketing Intelligence Center of China. In addition, a contest on the company's Web site solicited consumers' feedback on products and services in the form of articles, paintings, calligraphy, or any other creative type of submission. The three winners of the contest were dubbed the "Most Lovely Joyoung Customer," were awarded a trip to the city of Hangzhou, and had their creative feedback published in two of Joyoung's health newspapers and its newsletter. Customers were also invited to nominate their favorite marketing and sales personnel to be honored with the title of "Most Lovely Joyoung Marketer" and the prize of the latest model of Joyoung soymilk maker. All this consumer feedback was then analyzed and utilized to improve product and service quality, inspire new innovations, and design new promotion strategies.

Segmentation and Targeting

Contrary to its current successes, the Joyoung soymilk maker's launch was not smooth sailing at first. In 1994, when the first model of the automatic soymilk maker was invented, people had no idea what this new machine was supposed to do. Although soymilk had been popular among Chinese people before cow's milk entered the Chinese market in the late 1970s, Joyoung's initial targeting strategy based on this historical popularity was unsuccessful. The first two thousand units of Joyoung products remained stacked in storage for months.

Joyoung then decided to conduct some marketing research. It obtained permission from local supermarkets to exhibit its products at a counter while company employees demonstrated the product to consumers, interviewed consumers on their purchase intentions, and even sold the appliances. The findings from this preliminary research were incorporated into a mail survey questionnaire. A total of 770 questionnaires were mailed out, 761 of which reached the intended recipient and 346 of which were filled out and returned. To obtain a profile of customer purchase intentions and to measure demographics with which to identify the key target market, the survey included questions on each respondent's intention to purchase the Joyoung soymilk maker and on their demographics. In addition, the survey provided brief descriptions of the Joyoung products. Among the respondents, 13 expressed low purchase intention, 210 expressed moderate purchase intention, and 109 expressed very high purchase intention. The main characteristics of the sample are given in **Table 1**.

Table 1: Consumer Marketing Data

Demographics		Low Purchase Intention (%)	Moderate Purchase Intention (%)	High Purchase Intention (%)
Gender	Female	38.46	43.81	37.61
	Male	61.54	56.19	62.39
Marital Status	Single	76.92	45.24	9.17
	Married	23.08	54.76	90.83
Number of Children (under 20)	None	38.46	16.67	2.75
	One	23.08	61.43	95.41
	2 or more	38.46	21.90	1.83
Age	Under 34	7.69	25.24	78.90
	35–54	38.46	70.95	20.18
	55 and over	53.85	3.81	0.92
Family Income	Less than RMB 5,000	0.00	0.48	0.00
	RMB 5,000–RMB 9,999	15.38	3.33	1.83
	RMB 10,000–RMB 14,999	15.38	39.05	38.53
	RMB 15,000–RMB 19,999	53.85	42.86	41.28
	RMB 20,000–RMB 24,999	15.38	13.81	17.43
	RMB 25,000 and higher	0.00	0.48	0.92
Education	Pre-high school	3.9	1.1	1.9
	Attended high school	11.5	7.8	6.1
	High school graduate or equivalent	34.6	34.5	31.5
	Attended college	26.9	28.9	
	College graduate	7.7	13.3	
	Postgraduate college	15.4	14.4	

Note: The purchase intentions were measured on a seven-point scale in the survey. Because some categories had very few respondents, the researcher combined categories to list the summary statistics in only three purchase intention levels in the table. The numbers in this table are masked to protect data confidentiality concerns.

Your Tasks

1. Explain the research purpose and objectives for the segmentation and targeting research described in the case.
2. Analyze and interpret the data. Make your recommendations to Joyoung CEOs based on your findings.

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