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A Study of CHAGEE's Marketing Strategies

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Abstract. Against the backdrop of the growing popularity of China-chic consumption and increasing saturation and competition in the new-style tea beverage industry, young consumers' growing cultural confidence, health awareness, and desire for social sharing are reshaping the marketing strategies of tea beverage brands. Taking CHAGEE as its subject, this paper examines the factors influencing consumer behavior in the new-style tea beverage market from two perspectives: sociocultural influences and consumer psychology. It explores the underlying connections between CHAGEE's marketing strategies and consumer behavior. The study finds that CHAGEE effectively responds to the preferences of contemporary young consumers through a brand culture rooted in modern Chinese aesthetics, health-oriented product positioning, flexible tiered pricing, and culturally aligned IP collaborations, enabling the brand to rapidly gain widespread recognition. However, the brand also faces potential operational risks, including excessive dependence on a flagship product, a relatively narrow product range, and weak market performance of new products. This paper summarizes its marketing experience and existing problems, providing a reference for other new-style tea beverage brands in China seeking to avoid the pitfalls of viral popularity and achieve sustainable long-term development.

Keywords: CHAGEE, modern Chinese-style tea beverages, consumer behavior, marketing strategies

1. Introduction

Competition in the new-style tea beverage industry is intensifying, with similar marketing approaches appearing one after another. The rise of China-chic culture and the growing emphasis on health-conscious consumption are reshaping consumer preferences and market dynamics in the tea beverage industry. To explore how modern Chinese-style tea beverage brands can break through, this paper takes CHAGEE as its main subject and analyzes the key factors influencing tea beverage consumers' purchasing behavior through the two dimensions of sociocultural influences and consumer psychology. It focuses on CHAGEE's principal marketing strategies, including brand culture, product positioning, tiered pricing, and IP collaborations. Drawing on actual marketing cases, it examines the brand's marketing strengths and summarizes lessons from its development to provide a reference for the healthy development of the new-style tea beverage industry.

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2. Factors influencing consumer behavior

2.1. Sociocultural factors

In recent years, cultural trends such as China-chic have gained widespread popularity among young consumers [1]. As consumption attitudes change, consumers, particularly contemporary young people, increasingly seek products that combine practicality with individuality. Ordinary packaging and advertising can no longer attract their attention, indeed, advertising alone may even lead younger consumers to label a product as "mediocre" and lose interest in learning more about it. Furthermore, consumer needs are becoming increasingly diverse under the influence of the internet, technology, and other factors. For example, successive waves of viral memes on social media may become new ways for consumers to express their individuality. However, novel elements such as internet memes change extremely quickly. Within periods ranging from six months to as little as one month, new content spreads rapidly online and replaces previous trends. Consequently, many products need to be developed and updated in line with mainstream culture, and keeping pace with it is essential to maintaining market share.

2.2. Consumer psychological factors

First, health-conscious consumption is the most widespread motivation among consumers. At present, both younger consumers and middle-aged and older consumers are more inclined to purchase products that prioritize health. Research indicates that contemporary tea beverage consumers have increasingly strong health expectations, with low calories, no additives, and natural whole-leaf tea bases becoming important purchasing criteria. New-style tea beverage brands should not focus exclusively on rich flavors and excessive sweetness. Instead, they should simplify ingredient lists, improve ingredient quality, and emphasize healthy products that are low in sugar and fat and contain no additives. They should also disclose calorie counts and ingredient information to increase consumers' confidence in the safety of their beverages and align with the broader trend toward health-conscious consumption.

Second, identification with China-chic culture has shifted more consumer attention toward China-chic IPs than in previous years [2]. Research on China-chic marketing shows that young consumers' cultural confidence has increased significantly, making them more willing to pay for China-chic brands that combine aesthetic appeal with cultural substance. Other brands in the industry can draw on CHAGEE's cultural marketing approach by exploring traditional Chinese aesthetic elements in depth and incorporating cultural heritage into brand names, product packaging, and store design. Moving beyond repetitive designs associated with internet-famous brands, they can use a distinctive brand culture to connect with young consumers and establish a differentiated competitive advantage [3].

Third, tapping into the social and novelty-seeking motivations common among today's younger consumers is key to developing lean marketing that generates online traffic. Research notes that new-style tea beverages have a strong social dimension: consumers buy them not only to satisfy their drinking needs but also to follow popular trends and seek novelty, such as by sharing posts about their visits and gaining visibility on short-video platforms. Tea beverage brands can undertake a moderate number of activities, such as high-quality IP collaborations, seasonal limited editions, and themed stores. Visually appealing packaging and distinctive merchandise can stimulate consumers' curiosity and desire to share, while spontaneous sharing by users can increase brand

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visibility. At the same time, brands should avoid overly aggressive marketing that prioritizes promotion over the product itself [4].

Finally, understanding consumers' price perceptions is also a major factor influencing product sales. From a behavioral economics perspective, consumers' perceptions of tea beverage prices encompass both value for money and scarcity [5]. Brands can adopt tiered pricing, using regularly available products that offer good value to maintain baseline sales while introducing a small number of limited-time offerings to enhance the brand's perceived quality and scope for premium pricing. This approach accommodates both mainstream consumption needs and the market's appetite for novelty, while avoiding sharp declines in sales caused by excessive prices or damage to brand positioning caused by prices that are too low.

3. The relationship between CHAGEE's marketing strategies and consumer behavior

3.1. Connections with brand culture

In terms of brand naming, CHAGEE takes its name from Farewell My Concubine, a classic opera in traditional Chinese culture, symbolizing its commitment to preserving and innovating traditional Chinese tea culture. When Chinese consumers see the brand name, they naturally recall the story of Xiang Yu and Yu Ji in the opera [1]. Farewell My Concubine is a traditional opera known to almost everyone in China. By drawing on a widely recognized cultural reference, the brand connects with the growing cultural confidence of Chinese consumers and increases its visibility among the target market.

In packaging design, CHAGEE combines traditional Chinese cultural motifs with the aesthetics of contemporary luxury brands, reflecting Chinese culture while appealing to modern consumers' preference for styles such as "modern Chinese aesthetics." Activities popular among young people, such as turning CHAGEE packaging into homemade backpacks and journal collages, have become widespread online, further accelerating the brand's exposure.

In product naming, CHAGEE's most iconic jasmine tea, "Boya Tea Latte," does not follow the convention of explicitly mentioning jasmine in its name. Instead, it is named after the story of Boya playing the qin, allowing the delicate jasmine fragrance to resonate naturally with consumers' understanding of "finding a kindred spirit through music." This adds cultural depth to the beverage, arouses consumers' curiosity, and encourages purchases.

3.2. Connections with psychological factors (consumption trends)

Long before CHAGEE made its market debut, internet-famous milk tea brands such as ChaPanda and ALittle Tea had already dominated the market, leaving consumers with numerous choices. Securing a share of the nearly saturated milk tea and tea beverage market requires a distinctive brand identity [2]. CHAGEE has adopted a flexible health-oriented marketing strategy. From the early stages of the brand's establishment, it promoted "whole-leaf tea with fresh milk," emphasizing health and food safety standards such as "low calories, zero additives." This approach aligns with modern consumers' concerns about food safety and their desire to avoid obesity through low-calorie choices. Alongside extensive promotion of its clean ingredients, the brand incorporates novel and practical digital features, such as visual "product ID cards" and "calorie calculators," into its product labeling. By making beverage ingredients more transparent to consumers, these features may increase consumers' confidence in the products and strengthen their perception of CHAGEE's beverage

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safety, potentially reducing the "guilt" associated with consuming milk tea and increasing purchase intention.

4. CHAGEE's marketing cases

4.1. Pricing strategy

When optimizing marketing strategies, companies should adopt flexible pricing based on consumer psychology to meet different consumers' needs and maximize profits. Among CHAGEE's beverages, "Boya Tea Latte" is a core bestseller, with prices starting at RMB 16. Consumers can choose different milk tea sizes according to their needs, with corresponding prices. "White Peach Oolong Milk Tea" and "Glutinous Green Milk Tea," positioned as mid-range offerings below the flagship product, are priced between RMB 16 and RMB 18 according to ingredient costs. This places them in the mid-range price bracket and aligns with mainstream spending preferences as consumers trade down. Occasional seasonal limited editions are priced higher than the core products. For example, "Rose Garden," introduced for Valentine's Day in 2025, was priced at RMB 22 for a medium cup, sold for only one month, and excluded from the permanent menu. Despite its considerably higher price, consumers were still willing to pay for this new dimension of value—"limited-time availability." The limited edition successfully increased consumers' willingness to accept higher prices. From January 2022 to June 2025, "Boya Tea Latte" sold 1.25 billion cups, according to official Frost & Sullivan data. While core products dominated sales, the limited-edition "Awakening Spring Mountain Longjing Tea," priced at RMB 21 for a medium cup, accounted for 16% of store sales during its limited availability. These official figures demonstrate the effectiveness of CHAGEE's pricing strategy and its ability to strengthen customer loyalty.

4.2. IP collaborations

CHAGEE frequently collaborates with various cultural IPs to strengthen brand promotion and increase sales. When selecting IP partners, CHAGEE considers the extent to which their cultural identities align with the brand's China-chic positioning [1]. For example, during the National Day and Mid-Autumn Festival holidays in 2023, CHAGEE launched a collaboration with the novel The Grave Robbers' Chronicles, combining tea beverages with adventure and mystery. Although no new products were introduced, adding collaboration packaging to three permanent drinks and preparing promotional gifts produced a substantial increase in sales. Sales of "Glutinous Green Milk Tea" rose by 130%, while those of "Boya Tea Latte" also increased significantly. During the collaboration, the 63 themed stores nationwide recorded more than 1,000 orders within just one hour of opening, while other participating stores also experienced a sharp increase in order volume. Demand for merchandise such as paper bags and collectible cards exceeded supply.

5. Lessons and warnings for industry peers from CHAGEE's current situation

Amid fierce competition in the new-style tea beverage industry, CHAGEE has been able to break through quickly and establish a firm market position because it accurately identified four core psychological needs of contemporary young consumers and pursued a differentiated path in China-chic tea beverages. The brand capitalizes on the popularity of China-chic culture, placing modern Chinese aesthetics at the center of its identity. By naming products after traditional stories and creating packaging and store designs inspired by Chinese culture, it aligns with young consumers'

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cultural confidence and aesthetic preferences [6]. Its differentiated flagship product strategy has helped distinguish its best-selling product from competing offerings. At the same time, it focuses on the trend toward health-conscious consumption, positioning its products around fresh whole-leaf tea, low calories, and zero additives, while disclosing ingredient and calorie information to address consumers' dietary health concerns. In addition, the brand uses innovative marketing approaches, such as IP collaborations and seasonal limited editions, to meet young consumers' desires to share their visits on social media and try novel products. Its tiered pricing balances mainstream demand for value with premiums for scarce products, achieving both strong sales and a favorable reputation.

At the same time, CHAGEE's operational weaknesses offer important lessons for the entire tea beverage industry. Its excessive dependence on a single bestseller, narrow product range, and weak competitiveness of new products expose it to the risk of becoming a short-lived internet sensation. Other tea beverage brands can draw on CHAGEE's experience in cultural marketing and differentiated pricing, while avoiding an excessive focus on short-term promotional effects. Companies should place product innovation at the center of their operations, continually expand their product ranges, reduce dependence on bestsellers, and balance brand popularity with product strength. They should draw on consumption trends involving China-chic culture, health, and social engagement to develop distinctive brand identities while also investing deeply in product quality, breaking free from increasingly intense competition among similar offerings, and achieving stable, sustainable long-term development.

6. Conclusion

This study examines the current state of the new-style tea beverage market and the consumption characteristics of young people to analyze the core reasons why CHAGEE has stood out among numerous milk tea brands. First, as China-chic culture has grown in popularity and public awareness of health-conscious consumption has strengthened, consumers have come to care not only about how beverages taste but also about brands' cultural substance and health attributes. CHAGEE has precisely identified these needs. Through designs rooted in modern Chinese aesthetics, product names inspired by traditional stories, health-oriented product positioning, affordable tiered pricing, and IP collaborations that appeal to young people, the brand has won the favor of a large number of young consumers and established a firm foothold in the competitive tea beverage market. However, the study also identifies clear weaknesses in CHAGEE's development: excessive dependence on its bestselling "Boya Tea Latte," insufficient competitiveness of new products, and a relatively narrow overall product range. These weaknesses leave it vulnerable to the predicament of internet-famous brands that rise quickly and fade just as fast. Overall, cultural marketing is CHAGEE's core strength, but the tea beverage industry ultimately depends on the products themselves. To achieve stable, lasting development, new-style tea beverage brands must draw on China-chic culture to create distinctive brand identities, attract attention, and build popularity while continuing to innovate, expand their product ranges, and balance marketing visibility with product strength.

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