

# THE MARKET RESEARCH OF VARIETY NUTRIENT SALT IN HENAN PROVINCE

Li Yao, Jia Jiahua, Shen Haibo

1. Henan Weiqun Variety Nutrient Salt Ltd. 2. Henan University of Finance and Economics

**Abstract:** In this article, the author used the questionnaire survey and the interview to carry on the detailed investigation on the Henan nutrient salt market. According to the survey result, the author carried out analysis and gave some feasible suggestions. Finally, the author also gave the preliminary suggestion at the marketing channel.

The variety nutrient salt has relatively short history of consumption in Henan, and the pace of development lags behind comparing with the developed coastal provinces. The team, which constitutes by the Henan weiqun variety salt company and teachers and students came from the school of business administration of Henan University of finance and economics, had carried on the investigation and study of the nutrient salt market since June, 2008, in order to understand how to open the nutrient salt the market as soon as possible. This investigation goal is the following several points:

1. To understand the degree of satisfaction of consumer to the nutrient salt, the reason for choice, the medium preferences and the expense characteristic and so on;

2. Through the investigation and study, we will understand the cognition situation of potential consumers to the nutrient salt. Why they don't purchase the nutrient salt, consumer's psychological feature, the purchase behavior characteristic and selling terminal.

3. We will also collect the market information for choosing correct goal expense community and involving the marketing combined strategy accurately.

## 1. INVESTIGATION OVERVIEW

This market survey uses the questionnaire survey and the depth interview. Questionnaire survey's object is divided into two kinds: A kind consumer who has never purchased the nutrient salt, namely potential consumer; another kind is the nutrient salt consumer, namely consumer. From July 8, 2008, the investigation and study team visited randomly 530 objects according to the quota sampling method in Zheng Zhou, the Luoyang two places. We finally obtained effective 499 questionnaires undergo screening: Zheng Zhou has potential consumer 283, Zheng Zhou consumer 66, and Luoyang potential consumer 150. The Questionnaire synthesis effectiveness is 94.2% and achieves the anticipated design requirements. Moreover, after the questionnaire survey being ended, we have also carried on interviews with the marketing channel member.

## 2. CRUISING DATA ANALYSIS AND CONCLUSION OF POTENTIAL CONSUMER

### 2.1 Understanding degree of interviewed object about the nutrient salt

Zhengzhou and Luoyang's cruising data indicated that only 36% participant expressed

"They have heard the nutrient salt", but 64% participant never "has heard the nutrient salt".

Among the 97 Zhengzhou consumers who had heard of nutrient salt, 64 consumers (66%) discovered the nutrient salt by themselves, Luoyang had 59 consumers once heard of nutrient salt, 30 (51%) of which discovered by themselves. More than 60% consumers in the two places discovered the product by themselves. At the same time, total data in the two places demonstrated that the introduction by friend is the second channel of for customer knowing the nutrient salt, which accounts for 14.1%, next channel is the similar products advertisement on television and newspaper, which accounts for 9.0% and 7.7%, respectively.

Conclusion: Nutrient salt market recognition is low; consumers' understanding to the nutrient salt is naturally formed, rather than the efforts of the enterprises and business's marketing. The nutrient salt marketing should pay attention to the oral marketing.

## **2.2 To understand the purchase situations of potential consumer about the nutrient salt**

In Zhengzhou, nearly 65% the potential consumers who know the nutrient salt have never purchased the nutrient salt. More than 35% consumers used to purchase the product, but have no longer purchased now; But more than 70% consumers in Luoyang never purchased, and the nearly 30% consumers once bought the product and now gave up. Totally, 2/3 consumers never purchased the nutrient salt, and nearly 1/3 buyers already no longer purchased.

Further investigation discovered that the primary factors affecting the purchase are not enough understanding of the nutrient salt and the higher price, the proportion of which accounts for 42.9% and 25.4% in Zhengzhou and 19.0% and 33.3% in Luoyang. The total average rate is 33.3% and 28.6% respectively.

Conclusion: The most primary five factors impeding the consumption are the following: Not enough understand the nutrient salt, the price is too high, the effect of nutrient salt is not easy to observe, not enough promotion and suggestion; Purchase channel

are few.

## **2.3 The influencing factors impeding consumer's repeated purchase**

The consumer's inquiry to the consumer who used to bought the product and no longer bought indicated that the most important influencing factor in Zhengzhou's consumers is the idea of "not necessary for frequent diet", which accounts for 38.2%. The next factor is "the price is too high" and they felt that "it does not have the effect", the proportion of these factors is 29.4% and 11.8% respectively. The most important influencing factor of Luoyang's consumers is "the price is too high", accounting for 41.2%. The next factor is "it does not have the effect" and "the effect is already achieved", which accounts for proportion is 17.6% and 17.6%. What needs to point out is that the sample size of such kind of consumer in Luoyang was 17, belonging to a small sample.

## **2.4 The viewpoints of Participant about whether they are lack of or necessary to supplement trace element**

About half participants (the Zhengzhou 49.8%, Luoyang 56.0%) thought that they are lack of some kind of trace element, only about 15% (the Zhengzhou 16.6%, Luoyang 14.0%) thought that they have sufficient trace element. The data also demonstrated that there is no obvious difference about understanding of trace element between the participant who never heard of and the overall sample. But in Luoyang, about 56.0% participants who had heard of the nutrient salt thought they were lack of trace element.

Regarding the necessity of supplementing trace element, sum More than 70% participants at the two place thought that they needed or urgently needed the supplement of trace element.

At the same time, More than 60% participants at the two place thought that through the edible nutrient salt is an effective way to supplement trace element.

Conclusion: Half consumers thought that they lack the trace element, most of them (70%) thought they needed to supplement, and about 60% participants thought that the edible



nutrient salt is an effective way to the supplement trace element. Obviously the nutrient salt market potential is very big, and the key is to perfect the marketing work.

## **2.5 The participants' understanding about functions of each kind of trace element**

The Zhengzhou's investigation indicated that more than 60% participants' viewpoints are "clear" or "very clear" about the iodine element to human body. About 45% participant viewpoints are "clear" or "very clear" about the function of zinc element; About 65% participant viewpoints are "clear" or "very clear" about the function of iron element function. About 87% participant viewpoints are "clear" or "very clear" about the function of calcium element. About 78% participant viewpoint are "is not clear" or "is not very clear" about the function of selenium element. About 85% participant viewpoint are "is not clear" or "is not very clear" about the function of low sodium. About 89% participant viewpoint are "is not clear" or "is not very clear" about the function of riboflavin.

## **2.6 The wish analysis about participant's purchases of nutrient salt**

After preliminary understanding of nutrient salt, more than 2/3 (68.1%) participants are willing to purchase.

Further analysis indicated that different aged persons have various purchasing wishes. The purchase wish of 36-45 year-old participants at the Zhengzhou area is highest, accounting for 78%. Next is 46-55 year-old participants, accounting for 75%. The purchase wish of three age levels in Luoyang area surpass 70%.

Analysis: Viewed from the interviewee age structure that 36-45 year-old consumers attempts have the highest wish to purchase nutrient salt. Next are 46-55 year-old persons. These two types' people belong to the mature person on the age level. Their income is stable and they are not sensitive to the price. They are the target customer to develop.

Reviewed from the income level, interviewees with different income level has different purchase wish. The purchase wish of

Zhengzhou's participant whose yearly income level in 40001-50000 Yuan, 50001-60000 Yuan and above 60001 Yuan is 72%, 83% and 76% respectively, which is higher than other income levels; The purchase wish of Luoyang's participant whose yearly income level in 40001-50000 Yuan, 50001-60000 Yuan is 86% and 82% respectively, which is also higher than other income levels (what needs to point out is that the sample of participants of 40001-50000 Yuan, 50001-60000 Yuan, 60001 Yuan is small).

Analysis: Reviewing from consumer's income levels, when the consumer income level is higher, the wish is stronger. This indicated that the consumers of higher income level are not sensitive to the price, and at the same time, it also shows that they pay more attention to their state of health. They wish to improve their health condition through a series of measures. At present, we must focus propaganda and sale on the customer with higher income level emphasis, who will leads the consumer of lower income level.

Analysis: The data demonstrated that the participants of university educational background have less desire to try the new product than lower educational background. The reason is related to the knowledge structure of well educated persons, who has personal viewpoints on new products and is rational on consumption. Only convincing evident can persuade them to purchase.

Among the participant who wants to purchase the nutrient salt, 54.1% participants choose to purchase multi-dimensional strengthening salt, but 28.6% participants choose to purchase calcium strengthening salt.

The open style questionnaire indicated that the participant's choice of multi-dimensional strengthening salt is based on the comprehensive supplementation which contains several of nutrition, which may be the selling point. The reason of the participant to choose calcium salt is mainly that they or their family member lack the calcium, and they have clear recognition about the function of calcium, belonging to "all the people are lack of calcium".

Among the participant who want to or will purchase the nutrient salt, more than 70% participants wish to buy nutrient salt in large-scale supermarket, but the middle and

small scale supermarket and the convenience store are also not to be neglected. The two accounts for 25%. Although about 60% participants expect that the nutrient salt is below 1.99 Yuan, still there are about 28% participants accept 2-2.49 Yuan/bag, only 10% participants accept 2.5 Yuan/bag.

**Conclusion:** The above data demonstrated that in the nutrient salt product mixed strategy, we may put emphasis on multi-dimensional strengthening salt, the salt with calcium, the salt with zinc and the salt with iron. We should consider consumer's bearing capacity in price. We take the large-scale supermarket as the primary sales channel, and at the same time to explore channel of middle and small scale supermarket and the convenience store.

### **2.7 The media communication habits of the participants.**

In the spare time of the potential participants, they mainly watch television, accounts for 54.6%, next read newspaper, accounts for 18.0%, and the last is surfing on the net, accounts for 15.3%, Luoyang and the Zhengzhou have no obvious difference. Regarding the Henan area's television program, the participant likes the metropolis channel most, next is legal system channel of Henan Satellite television and the Henan television station. The degree of favor of Zhengzhou Television station/Luoyang Television station is as high as the previous. If choosing television advertisement in the Henan area, the above may be reference. In net surfing participant, they frequently access the website such as Sina.com, QQ.com and sohu.com, which account for 31.8%, 22.7% and 16.7% respectively.

Above 60% Zhengzhou participants often read the "river newspaper", but above 70% Luoyang's participants often read the Luoyang evening news.

**Analysis:** The most influential media is television, next is newspaper. The metropolis channel and Henan Satellite television is the most influential television channel, but the river newspaper (Zhengzhou area) and the Luoyang evening news (Luoyang area) are the most influential newspaper. These provided the choice of media for the enterprise

advertisement.

## **3. ANALYSIS AND CONCLUSION OF CRUISING DATA OF REALISTIC CONSUMERS**

### **3.1 The way that the consumer understands the nutrient salt**

The investigation and study group altogether obtains 66 effective questionnaires of customers who have purchased or are purchasing the nutrient salt. These data have also achieved a big sample in the statistical sense. In these consumers, the proportion of who discover nutrient salt by themselves accounts for 76%, which is consistent with cruising data of potential consumer. This demonstrates that nutrient salt's market popularity is formed spontaneously.

### **3.2 Reasons for the consumer's purchase of the nutrient salt.**

About 57.6% consumers are rational in purchasing. They purchase the nutrient salt in order to "supplement some kind of trace element". Such consumers who think the nutrient salt is nutritional don't have clear understanding of the nutrient salt. Such consumers who have intuition that the salt is healthy accounts for 22.7%. What needs to point out is that the manner consumer who wants to try the salt also accounts for 18.2%.

### **3.3 The place where the consumer purchases the nutrient salt**

The investigation showed that the consumer purchases the nutrient salt mainly in the large-scale supermarket and the middle and small scale supermarket, which totally accounts for 98.5%. Nearly 20% consumers expected that they can purchase the nutrient salt in the inhabited area peripheral convenience store.

**Analysis:** Part of consumers who purchase nutrient salt in supermarket or middle or small scale market hope to purchase the nutrient salt in the convenience store. The qualitative analysis also indicates that the customer who usually consumes in convenience store wish to purchase nutrient



salt at convenience store. Therefore, we suggested that the enterprise should expand the nutrient salt the marketing channel.

### 3.4 Purchases for whom

It is noteworthy that the nearly 40% consumers purchase the nutrient salt for the child. This point should be considered for the marketing personnel. Certainly, over half the consumer purchases the nutrient salt have not explicit consideration object, they purchase for "the whole family".

### 3.5 Who purchases

The data indicated that the customer who don't remember to buy nutrient salt when buying salt have a certain ratio. Therefore the executor of buying salt should be considered. In most family, the executors are the woman and old persons, which accounts for about 80%, but also in about 15% families, the purchasers is the husband. .

Analysis: The main buyer of nutrient salt is the wife or old person. Because the nutrient salt belongs to the daily necessity and it is consumed many times. Generally speaking, the buyer is the policy-maker. The product marketing communication is mainly targeted at woman and old person.

### 3.6 Consumer understanding of nutrient salt

The data indicated that 36.3% consumers are "clear" or "very clear" about which kind of nutrient salt suits their family member. 34.8% consumers expressed that "they are not clear" or "is not very clear". This indicated that approximately 1/3 of the nutrient salt consumers are not clear about nutrient salt functions. This also demonstrates the guidance for the publicity is urgent.

We discovered that the consumer understanding of nutrient salt is observed by the hospital inspection or self observation. While the consumers who do not understand nutrient salt are willing to understand the nutrient salt through the hospital inspection, self observation, the advertisement and promotion. There are nearly 80% consumers agree that the table salt can supplement the trace element, which is higher than the

potential consumer proportion of 60%. Regarding to the problems of whether the common people are suitable to eat the nutrient salt, about 85% consumers agrees, but 13.6% consumers do not agree. Only about 63.6% consumers know the zinc intensifying salt includes the iodine, and only about 7.6% consumers know the iron intensifying salt does not contain the iodine. This demonstrated that quite a lot of consumers do not truly understand the nutrient salt.

Analysis: 63.6% consumers do not understand which kind of nutrient salt suits their family members. The majority consumers (80%) agree that the table salt can supplement the trace element. But most (85%) consumers also thought that the common people are suitable to eat the nutrient salt. Obviously the nutrient salt market potential is very big. But quite a lot of consumers do not truly understand the nutrient salt, which needs to strengthen the propaganda and the education.

### 3.7 Consumer understands of product

The interviewed consumers thought the nutrient salt price is "unreasonable" or "is quite unreasonable", which accounts for 19.7%, but other participants basically, accept.

The consumer is basically positive to product packaging. The consumers who do not agree with the nutrient salt containment and the packing appearance accounts for 4.5%. The consumers who do not agree the packing specification only accounts for 1.5%. This demonstrated that the consumer is quite satisfied to the nutrient salt packing or does not pay attention.

After a period of consuming of the nutrient salt, 56.3% participants do not feel obvious effect of the trace element. This demonstrates that the functional effect of trace element is not easy to be observed, which also hinders the repeated purchase of the product.

Conclusion: Even the customer's recognition about the product are different, the major consumers (80%) thought that the price basic are acceptable, and they are agree with he packing. The overwhelming majority consumer (87.5%) purchases two or more bags of the nutrient salt each time. This provides a spot to the nutrient salt packing

design or the batch sale for reference. About 40% consumers thought that the nutrient salt has lower salinity than the ordinary iodized salt. There are about 56.3% participants do not have obvious feeling after consuming the nutrient salt for a period of time. These two points may be influential to the nutrient salt sales volume.

### **3.8 The consumer's basic situation**

The interviewed consumer spends their spare time mainly on watching the television, accounting for 40.9%, which is lower than the potential consumer 54.6%. They also reads the newspaper, accounting for 37.9%, which is higher than the potential consumer 18.0%. The net surfing comes the third, accounting for 18.2%.

## **4. INVESTIGATION ON MARKETING CHANNEL AND PRELIMINARY SUGGESTION**

Under the guidance of professional teachers, the investigation team visited approximately 30 sales enterprises or with the channel member. Finally the team made a basic understanding of the marketing channel, putting forward the preliminary marketing proposals.

### **4.1 Marketing channel survey**

The investigation discovered that the nutrient salt is sold on monopolization, which is the same with the edible salt. The reason is that majority areas in our country are deficient of iodine. Iodine deficiency will cause the hypothyroidism sickness and even damages to the babies and infants intelligence. After repeated validation, it is thought that monopolization is the best way to eliminate the iodine deficiency by compulsory adding of iodine in the table salt, which is safest, economic, and effective. But due to the reason that the nutrient salt and the ordinary iodized salt similarity, our country also implements the monopolized system. Moreover, relevant evidences indicated that conditions for the cancellation of monopolization are not mature. In this case, the nutrient salt marketing enterprises can depend upon all levels of salt

industry company.

At present, the entire provincial nutrient salt marketing channel is mainly rely on all levels of salt industry bureau and retailers. The former is not only the selling department but also the administration department. In Zhengzhou and various municipalities, the nutrient salt was sold by salt industry bureau of different level to the end selling points. But in broad counties and countryside, the salt was distributed by the municipal salt industry bureau. The salt was then transported to the end users. The existing selling system has advantages in promoting the nutrient salt, but it also has the disadvantages of not enough stimulation to the resellers. At the same time, the use of administrative authority also may cause contradiction between different administrative bodies.

The investigation indicated that the nutrient salt retail sales terminal mainly includes the following four kind's industry condition:

4.1.1 Shopping mall or large-scale comprehensive supermarket, like Carrefour, easy at the beginning of lotus flower, Beijing Hualian, Dennis and so on. This kind of retail sales terminal possibly is in the town center, the suburb intersection, the key communication line and nearby the urban large-scale community with a service radiation radius of 3 kilometers. Their goal is mainly the customer of nearby resident, the mobile customer. Their business area is above 5000 square meters. They adopt the optional sales way both at the entrance and exit. They are equipped with 40% parking lots of the business area. This kind of terminal sales nutrient salt is accomplished by allocation of cargo. Due to the packing breakage, some selling terminals has less or even negative profit for the selling of various nutrient salt.

4.1.2 The middle and small scale supermarket is in the local center or the community, their management service radiation radius is within 0.5 kilometer. Their goal is mainly the customer of nearby the resident with a business area above 500 square meters, and it mainly sells food, live and fresh food, and the daily necessities. They adopt the optional sales way at the entrance and exit.



Their average business hour is 12 hours. This kind of terminal sales of nutrient salt is accomplished by allocation of cargo. The terminal has nearly no enthusiasm to promote due to the profit is too low to promote.

4.1.3 The convenience store and the chain convenience store are in the inhabited area. These shops has formal gate with business area about 100 square meters. It mainly sells food, the daily utilities. These shops have the characteristic of immediate consumption, low volume, and emergency and so on. This typical representative is Sida convenience store. Middle and small scale supermarket and convenience store distributed around the urban district of the Zhengzhou urban district, which are the main channel for the resident to purchase. Therefore attention should be paid on such object. The interview discovered that the Sida convenience store depreciated the salt price for promotion. For example they sell the calcium salt by 2.90 Yuan/bag.

4.1.4 Trade market sale point. This kind of sale point is in the trade market and mainly aims at the peripheral residents. They mainly sell dry food and basic kitchen necessities. Trade market customer group is relatively quite stable. In opposite to the ordinary iodized salt, the dealer is willing to selling nutrient salt for higher profits, which stimulated the reseller to promote the product. This is the specific advantage over the other three kinds of sales. However, the customer of such kind belongs to low end consumer. Therefore their sales prospect is not promising. Many dealers responded that the nutrient salt is not good.

The investigation of Zhengzhou market indicated that the nutrient salt already entered the overwhelming majority large-scale supermarket, the middle and small scale supermarket and the chain store, even the partial trade market sale point also have the nutrient salt on sale. It can be said that the consumer purchases of the nutrient salt is quite convenient. Moreover, the project management and the price administration are the foundation and core of the table salt monopolization. Therefore, there is insufficient stimulation for the marketing

channel member. The key to marketing of nutrient salt is how to build the atmosphere and promote the market

## **4.2 Several suggestions to strengthen the marketing**

According to above analyses to the potential consumer, the units of nutrient salt sale and retail terminals, we proposed the preliminary marketing suggestions following:

4.2.1 Marketing strategy being based on the market segmentation and the target market, the enterprise should select the family in which the head of household is 36-55 years old, have the elder and the children and earn the annual income about RMB 40000 as the customer. They have stable income and no sensitivities on the price. What's more, they pay much attention to their family health and have wills to try to purchase. In the market localization aspect, the enterprise should refine the main health care function of each kind of nutrient salt. Besides, the enterprise should make a good figure of this kind of nutrient salt by using all kinds of methods in marketing.

4.2.2 Marketing strategy Except for taking the product strategy, the price strategy and the channel strategy fully, the enterprise should strengthen the marketing communication strategy. On the product strategy, according to the level of potential consumers knowing about the each kind of trace elements function, five major products should be confirmed considering the cost of marketing education. It is suggested that ones should be chosen among calcium, the iron, the zinc, the selenium and the multi-dimensional salt and avoid the dispersion of marketing resources and the consumer attention. About price strategy, because the trade price and the ultimate selling price need to be examined and approved by related government Department there is no flexibility and marking space. So some adjusting advice on selling in batch and in detail was given.

About marking channel, to guarantee the consumer purchases the convenience, they should further enhance the channel density to sell in the terminal stratification plane. In the marketing communication, they should set up the conformity marketing communication idea,

and utilizes each marketing communication method nimbly.

**4.2.3 Strengthened marketing method.** The enterprise should link to the reality and adopt many kinds of marketing methods: First, invites the student to hold part-time jobs. They should let the university graduates and technical institutes' students get in inhabited area to give lectures, production promotion and present and make related propaganda on the holiday.

They should communicate directly with the consumer and make an explanation on the nutrient salt to them in order to cause them to establish the healthy idea and to accept the salts. Secondly, the enterprise may seek for some families, in which children are in lack of the calcium, iron and zinc. Then nutrient salts are offered freely to them for there or six months. At the same time, trace investigations are carried on those families. Selecting good examples as the spoken men, to make them are well known by advertisement seminar and related media. Thirdly, the enterprise invites the doctors from Maternal and Child Health Institute, the Pediatric hospital, main hospital pediatrician to convene the related trace element and the healthy seminar in turn in order to introduce the method of supply the trace element by the nutrient salt; the attending personnel should be given the good reception and gift. Fourth, the enterprise with the enough funds could make advertisements on high ratio television channel as well as on newspapers in province. Besides, some projects, lectures even some articles published on 'The Big River' are good ways. On the advertisement media, the enterprise may discuss on the ordinary iodized salt packing making the nutrient salt advertisement the feasibility. Fifth, the purchase in group may be considered. The enterprise could win the related departments' supports to get the rights and implement the direct marketing. The enterprise may also set up own sales strength and make use of the help of third party, to extend to large-scale Enterprises and institutions by providing welfares selling. Sixth, communications with the shopping mall and the large-scale comprehensive supermarket should be strengthened. According to the channel investigation and

study analysis, there is no personal sale promotion in above sale terminals. So the posters of pictorial and cartoon should be prepared for attracting the purchasers' attention. Seventh, propaganda and the promotion should be made further to the retailers, for whom the especial throwaways could be designed. Explanations are followed to improve their understanding that nutrient salts play an important role in physical health, growth and health protection. Then let them become the force of promoting nutrient salts. Eighth, does well the specific theme activity. For example the enterprise may take "the healthy new concept, meal the nutrient salt" or "the edible multi-variety salt, to promote all people health standard" as a subject. With the report on it holding the large-scale propaganda activity in the specific time enterprise, and even may the organizing partial city County health bureau, the salt industry company unite to engage in the related activity together, the influence will be strengthened and the sale will be expanded as well as.