Study on the Influence Factors of Tobacco Market Demand and Efficiency Evaluation

Lei Li, Tianjin University, Tianjin, China
Qin Zhang, Tianjin University, Tianjin, China
Xueli Zhan, Beijing Wuzi University, Tianjin, China

ABSTRACT

A number of studies have shown that many factors influence the development of the tobacco companies. This article analyzes the market demand of the Chinese tobacco and efficiency evaluation about Yantai Tobacco Company in order to improve customer satisfaction, repeating purchase intention and the company's innovation ability. We collected data through Multi-stage stratified cluster sampling. Through analysis of the data, we find that different social classes have different sensitivities to tobacco price. In the structural equation model, the brand image has a significant impact on the model, based on which we make some suggestions for the enterprise. Furthermore, IAHP method is used to evaluate the importance of the innovative elements in tobacco industry development. We can easily see that technology professionals have a direct impact on the innovation ability, with a significant impact on innovation efficiency.

KEYWORDS

Efficiency Evaluation, Innovation Efficiency, Market Demand, Tobacco Industry

INTRODUCTION

According to the data provided by Centers for Disease Control and Prevention in 2010, we have over 0.3 billion smokers. There are nearly 0.1 billion smokers which are double size of that in cities than that in rural areas. Smoking is more popular in North China, Northeast China than other regions. Urban smoking rate of males in Shanxi Province is the largest, followed by Liaoning Province and Yunnan Province, of which the smoking rate is in excess of 59%. Cities with the highest smoking rate of females are Tianjin, Heilongjiang and Inner Mongolia Autonomous Region followed. The highest male smoking rate among rural areas is GuiZhou Province, with Yunnan Province and Shanxi Province followed. Rural women keep the highest smoking rates in Heilongjiang Province, Jilin Province and Inner Mongolia Autonomous Region followed. From the professional point of view, manual workers occupy the highest smoking rates, followed by business staff, clerical staff, and teachers occupy the lowest smoking rates. Employed women have lower smoking rates, while elder women without career have higher smoking rates.

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Thus, social class, income level, geographic differences and cultural levels significantly affect smoking rates. Another survey also proves the results.

Smokers below high school education were 19.49%, with a high school diploma were 18.5% and above high school were 14%. For female smokers in the survey, families with monthly income of less than 500 yuan have a smoking rate of 26.8% and with higher than 5,000 yuan per month have a rate of 22.7%. Easy to see that high-income and low-income people smoking rates are high. This may be due to the greater pressure of work or tight working hours (Kao, 2006).

Many experts at home and abroad have done a lot of research on customer segmentation theory. Customer segmentation theory, the earliest source, is from American scholars Wendell Smith in its “Product Differentiation and Market Segmentation as Alterative Marketing Strategies” (Callard C.D. et al., 2013; Smith W.R., 1956). This paper expounds the market segmentation, the author focuses on the differences based on different consumer groups. First segment is the entire market, and then according to the characteristics of customer groups in different market segmentations, to take targeted marketing measures and provide targeted products or services, so as to minimize the cost of business and maximize the business revenue. William Lazer assumed that the extent to which the more enterprise understands the customers, the more able to take effective marketing approach, and propose to segment the market from the perspective of life. R.I Haley in the context of the descriptive factors for existing customer are segmented. The market segmentation theory is mainly divided into three kinds of theories, geographical area, population statistics and sales. To enrich the theory of customer segmentation system, Pluioraner makes a combination of customer life style and demographic factors, and the corresponding research and expands the customer segmentation dimension (Plummer et al., 1974; William et al., 1963).

This paper takes the tobacco enterprises in Yantai of China as an example to discuss the innovation that has been studied by many scholars. Yantai tobacco industry has experienced 30-year development accompanied by the Chinese tobacco companies’ establishment. The development of Yantai tobacco industry reaches a crucial stage that market demand for tobacco and tobacco products have been basically saturated. It is necessary to change the development mode if Yantai tobacco industry wants to keep its rapid development. The mode is that shifting from extensive to intensive production methods and taking a healthy and sustainable development path (Long, 2004). Grey relational prediction model and IAHP method are used to forecast the innovation factors involved in tobacco companies and evaluate the importance of the innovation factors (Cui et al, 2008; Xu, 2012; Xiao, 2005). Furthermore, we introduce the DEA method to analyse the development efficiency of the tobacco industry and enterprises of Yantai City in 10 years. Also, empirical research and analog applications work on the actual data to evaluate the importance of the innovative elements in the tobacco industry development. The relationship between different factors affects the assessment of the tobacco industry. Grey relational degree of similarity or dissimilarity between the trends of different factors is used to measure and improve the accuracy of the analysis (Zhong et al., 2013).

The extent to understand consumers decides the products popularity among consumers. Only by fully understanding consumption patterns of consumers and improving the product to meet the consumers’ demands, can we make the product stand out in the competition to win more consumers (Bowden et al., 2014). At the same time, to improve the innovation ability of enterprises also can meet the needs of consumers. Therefore, this paper, from a new point of view, analyzes the tobacco market segmentation and efficiency evaluation.

**ANALYSIS OF INFLUENCING FACTORS OF MARKET SEGMENTATION**

In today’s market, companies from all sectors are concerned about consumer behavior and characteristics. Compared with other industries, tobacco industry is harmful to humans. In this context, consumers in tobacco industry should be fully understood so that tobacco products will be marketable.
Business Service Scheduling
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