

The Analysis of Sustainable Business Model in Traditional Chinese Tea Industry

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Abstract: Since ancient times, China has been a great tea country, the world's largest tea planting area, and the world's top tea production. Over the entire Chinese tea industry, there are countless large and small tea factories but few famous tea brands, seriously affecting the industry's sustainable development. Thus, creating a famous tea brand is a huge challenge for Chinese tea. In addition, the world currently cultivates tea in many countries, such as Sri Lanka, India, Turkey, Kenya, etc. China is a large tea producer and is always an important economic crop. With the modern, fast-paced urban life, the new tea consumption style is more suitable for the domestic and international consumer market and meets the needs of the public. This paper explores to convert and upgrade the traditional Chinese tea industry's business model by recognizing and analyzing the globally well-known brand Lipton Tea. Firstly, it is no longer limited to the traditional tea culture, and combining the tea culture with commercial activities to create a fashionable tea culture; secondly, to apply the tea to a wider range of consumer markets rather than limiting it to the tea-drinking market only; and then through the assistance of new media such as e-commerce and We media to promote the product, this series of upgrading from the internal to the external business model can improve the popularity of Chinese tea brands, the rapid development of the tea industry will also give China's economic market to bring sustainable development of the new power.

Keywords: Chinese tea, tea brands, origin brands, fashion tea culture, marketing model

1. Introduction

Recently, the demand in the global tea market has continued to grow, and according to statistical data, in 2022, the global consumption of tea will be about 6.9 billion kg. It is expected to reach 7.4 billion kg in 2025, and nearly one-third are made in China [1]. Based on the output distribution, China's industry production ranks at the top globally. However, with such huge tea production, China has yet to have a competitive tea brand that can compete in the international market. Even in China, most people still recognize tea as black and green tea; the distinction between the kinds of tea and tea brands is poorly understood. Mingyue Fan and Limin Wang mentioned some existing problems in the tea industry. The first one is that the supply of the tea market exceeds the demand, and the tea products do not match the market demand; secondly, the existing tea production and sales model is unhealthy, which cannot support the sustainable development of the tea industry [2]. Chinese tea enterprises are generally small; the market concentration could be higher to fewer well-known brands. Some tea companies have already started to transform the tea industry, such as Guizhou Qianzhiguan

Tea, which utilizes the Internet plus agriculture to help upgrade the tea industry in Guizhou [2]. However, due to its geographical remoteness, it still needs to overcome great challenges in the transformation and modernization.

The focus of this paper is placed on the internationally well-known tea brand Lipton. According to the statistics, the global sales of the Lipton company in 2019 far exceeded the total exports of 60,000 tea companies in China [3]. By researching the case of the brand Lipton, this paper explores the Chinese traditional tea enterprises to study how to transform and upgrade. With the rapid development of globalization and the Internet, enterprises, professional scholars, and others must study the entire tea industry to seek a sustainable future path for China's thousands of tea factories and thereby create a well-known tea enterprise brand that belongs to China.

2. Case Analysis

2.1. Lipton

Lipton is the world's largest tea brand. It has been rumored that Chinese 70,000 tea factories can't beat a British Lipton, meaning there are about 70,000 tea factories in China. The total export was 1.49 billion US dollars in 2016, less than half Lipton's annual production value of more than 3 billion US dollars in the previous year [3]. Lipton is a subsidiary of Unilever company; the headquarters is located in the UK, one of the world's largest daily necessities consumption companies. Since its establishment over 100 years ago, Lipton has always maintained the excellent quality, fragrance, and flavour passed down from generation to generation. With the advertisement slogan of good tea from the tea plantation directly into the teapot, it has established a good enterprise brand impression in the consumers' minds. First of all, analyzing Lipton's audience, Yuan Shengjun, Cai Dan, and Su Xin mentioned in their research that the click volume of the keyword "Lipton" on Baidu search to determine the demographic properties of the audience group and the research results show that people mainly interested in Lipton are in the age of 20-29, the middle-aged and old-aged customers less, the younger generation is the main focus of the brand, the group of people in pursuit of modern fashion. In the fast-paced life, they desire a quality of life; perhaps they are not tea enthusiasts, may not know tea, but they pursue a healthy and high-quality life [3]. In addition, Lipton developed a series of milk tea products through innovative products, which also meet the young Chinese consumer groups who like milk tea, and the products processed by it have the characteristics of convenience and fashionable packaging, which is very consistent with the fast-paced era. Therefore, the diversity of products and the degree of innovation is also an important treasure of the company's achievements, positively affecting the establishment of a good brand image and reputation.

2.2. Qianzhiguan

Qianzhiguan is a new tea-manufacturing and developing company in Guizhou, China. The brand is a new tea brand that specializes in Duyun Maojian tea, a Guizhou specialty, and utilizes Internet-based agriculture to help upgrade the tea industry in the region; both Duyun Maojian and Kweichow Moutai were awarded gold medals at the World Expo, which led to the founder's efforts to promote these varieties of tea. Since most traditional tea farmers and tea companies in China avoid the idea of modernization and transformation, most believe that they need to do a good job with their variety of tea and that building a brand and transforming the industry is a daunting task; they don't want to take the risk of innovation. However, Fan Deng, the brand's founder, is trying to take on the difficult challenge of changing the tea industry. Qianzhiguan wants to take advantage of its geographic location to combine with the rapid development of tourism to create distinctive tourism intellectual property [2]. Qianzhiguan is trying to upgrade and transform itself but utilizing the Internet to build a tea brand is still a huge challenge.

3. Recommendations for the Sustainable Development in the Tea Industry

3.1. Building a Fashionable Tea Culture

As the world's largest tea country, China's annual tea production and consumption are huge, but the operation status of various tea enterprises and manufacturers could be more optimistic. The traditional tea culture has been advocated as propaganda that is harmful to the development of the overall tea industry in the long term, and it is necessary to combine the culture with the market environment to upgrade and transform the traditional tea culture. Hao Jiaying noted the relationship between tea culture and tea branding in her study, and she believes that in today's consumer market, people are not only purchasing a product with the use of functionality but also beginning to pursue a lifestyle with taste and personality [4]. Tea beverages such as HeyTea and Nayuki also cooperate with the upper-stream tea merchants to launch a series of products. This delicious and convenient new style of tea drinks is closely integrated with the daily needs of young people and is highly welcomed by this young group of consumers and chased by the capital market. For the tea industry, cooperation with such franchise tea beverage brands cannot just play a supply chain role more to build their specific brand. In recent years, the emergence of new tea drinks similar to the café more and more; in the fast-paced urban life, the traditional style of a few hours around the fireplace tea can only become an exclusive program for middle-aged business people, more fast-paced class café model may gradually replace the social function of the tea house. Therefore, the tea store with fast consumption and social functions will make more people touch the tea.

3.2. Expanding a Wider Consumer Market

In other words, to create a brand that could occupy a leading position in the tea market, it does not lie in the number of stores and the level of products but in organizing the resources that can be utilized. Chen Yue mentioned in his paper that with the increase in the variety of beverages, the threat of substitutes faced by tea in the future will be numerous. The key to this threat to the tea enterprises is to emphasize the function of tea's health care and its competitive barriers to differentiate from its substitutes to achieve the irreplaceability of tea [5]. To create a tea brand different from the traditional tea varieties, the choice of tea types should focus on diversity. Wang Keming said China has several advantages of planting tea areas, respectively, the middle and lower reaches of the Yangtze River green tea, the southeastern coast of Oolong tea, Southwest black tea, etc. [6], the rich geographical conditions made China to become the world's more complete production of tea, this advantage can give a variety of choices for the brand. Also, the Food and Agriculture Organization of the United Nations report mentioned that between 2007 and 2016, the balance of global tea production and consumption growth was about 4.4% [7], which means that the big tea-producing countries were also big tea consumers. Therefore, expanding the tea market is necessary to develop tea beverage products and expand the other tea uses. Beginning with the nutritional value of tea, as one of the world's most popular health drinks, tea polyphenols in tea have been shown to help inhibit the formation and development of tumors in many organs [8], which makes tea can be extracted for use in many food products, medicines and daily necessities. This combination of tea with daily consumer products makes the demand for tea wider and wider.

Furthermore, tea has multiple properties: it can be a beverage, a tea for health, and a gift for emotional communication. In China, tea often has a special gift character along with high-class cigarettes and alcohol and can be traced back to ancient China. Tea was one of the most important commodities on the Silk Road. China has used tea as a messenger of cultural dissemination, promoting friendly exchanges with countries along the Silk Road [9]. To create a sustainable tea

brand, tea companies should explore the needs of different consumer groups for tea and then combine their resources to maximize the share of the target market.

3.3. Implementation of Online Marketing

With the constant development of the digital era, the inherent marketing model of tea enterprises is no longer able to meet the demands of the market because the number of enterprises in China's tea industry is large, and the market concentration is relatively low, with the characteristics of a fully competitive market. Chen Yue believes that tea enterprises can only achieve a lead over their competitors in marketing to gain a competitive advantage in the terminal of sales and ultimately enhance product sales and expand market share [5]. Marketing channels are divided into online and offline channels, and under the trend of increasingly mature e-commerce models, online channels are the centre of marketing gravity for brands. Enterprises can choose to cooperate with e-commerce to live show products and broaden the channels of sales, compared to the traditional offline channels' stores and supermarkets for the lower fixed costs, but also to break the distance and time problems, people around the world can see the brand's influence, this new type of Internet-based marketing helps enterprises to maximize the broadening of the market. It is more conducive to the creation of a familiar tea brand.

4. Conclusion

The challenge for the 70,000 large and small tea factories in China is converting Chinese tea from a "brand of origin" to a "brand of product". This paper focuses on analyzing the world-famous tea brand Lipton to create a brand of tea belonging to China. From the internal industry to break the traditional tea culture, to create a new fashionable tea culture, to expand tea consumption from beverage to more daily consumer goods while adding the latest digital marketing tools. Ultimately, through this series of internal and external business models, conversion and upgrading can create a Chinese characteristic of the tea brand. As the limitations of the length of this paper, it does not focus on analyzing the situation of the tea industry in each region.

Nevertheless, the nationalization of the brand in the later stages may bring cross-regional operational problems. How to do a good job in the later stages of the enterprise operation mode of management also needs to continue to think and improve. As Denyer mentioned in his article [10], the different tastes of tea in each country and tariff policy factors will make the brand in the international market share changes in the future to create a brand of tea made in China and how to compete in the international market with Lipton such as the veteran tea brand is also the direction of future research. In conclusion, creating a tea brand is dynamic, and each factor's influence is crucial to achieving long-term and healthy development. To keep up with the changes of the times is the realization that every enterprise should have.

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