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## **Marketing Plan of C Tea Company in Shanghai**

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Master in Applied Management

Supervisor:  
Professor Doctor Sofia Lopes Portela, Assistant Professor,  
ISCTE-IUL

February, 2025

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Department of Marketing, Operations and General Management

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## **Abstract**

This project examines the challenges and opportunities faced by C Tea Industry Co., Ltd., a leader in the local tea industry based in Fengxian District. In the face of increased competition from emerging tea enterprises, the company must adapt its marketing strategy to improve its transformation, quality, and efficiency. The objective of this project is to design a comprehensive marketing plan that addresses these challenges and supports the company's growth in a competitive market.

To achieve this, the study employs various analytical tools, including PEST analysis, Porter's Five Forces, and SWOT analysis, to evaluate the macro, industry, and enterprise-level challenges. The research also applies STP and 4P marketing theories to identify key issues such as overly simplistic market segmentation, unclear market positioning, low brand influence, ineffective pricing strategies, and homogenized marketing channels and promotional efforts. The findings of this study highlight areas for improvement and propose actionable strategies such as refining market segmentation, strengthening target positioning, increasing brand differentiation, revising pricing strategies, expanding marketing channels, and innovating promotional activities. These strategies aim to enhance the company's competitive edge and help express the unique value of its brand in a rapidly evolving market environment.

**Keywords:** C Tea Industry Co., Ltd.; Marketing; Porter five force model; SWOT marketing

**JEL classification:** M3

## **Resumo**

Este projeto examina os desafios e oportunidades enfrentados pela C Tea Industry Co., Ltd., líder na indústria local de chá, localizada no Distrito de Fengxian. Diante do aumento da concorrência proveniente do surgimento de novas empresas de chá, a empresa precisa adaptar sua estratégia de marketing para melhorar sua transformação, qualidade e eficiência. O objetivo deste projeto é elaborar um plano de marketing abrangente que aborde esses desafios e apoie o crescimento da empresa em um mercado competitivo.

Para atingir este objetivo, o estudo utiliza diversas ferramentas analíticas, incluindo a análise PEST, as Cinco Forças de Porter e a análise SWOT, para avaliar os desafios nos níveis macro, da indústria e da empresa. A pesquisa também aplica as teorias de marketing STP e 4P para identificar questões-chave, como segmentação de mercado simplificada, posicionamento de mercado pouco claro, baixa influência da marca, estratégias de preços ineficazes e canais e promoções de marketing homogenizados.

Os resultados deste estudo destacam áreas para melhoria e propõem estratégias acionáveis, como refinamento da segmentação de mercado, fortalecimento do posicionamento alvo, aumento da diferenciação da marca, revisão das estratégias de preços, expansão dos canais de marketing e inovação nas atividades promocionais. Essas estratégias visam aprimorar a vantagem competitiva da empresa e ajudar a expressar o valor único de sua marca em um ambiente de mercado em rápida evolução.

**Palavras-chave:** C Tea Industry Co., Ltd.; Comercialização; Modelo de força Porter 5; Comercialização de SWOT

**JEL classification:** M3

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## **GLOSSARY**

**Cat Shop:** Also known as Tianmao Shop, this is a type of online retail platform.

**Douyu:** A popular platform for live streaming services.

**Selling goods:** A modern online marketing method introduced in 2020, where hosts facilitate product sales through live streaming.

**Tiktok:** A widely used platform for live broadcasting content.

## 1. Introduction

Tea has a history spanning over 5,000 years in China, where various regions have developed unique cultures surrounding tea planting, processing, drinking, and tasting. Historically, tea tasting was even considered a way to cultivate morality and character. The tea industry originated in the Bashu region and flourished during the Tang Dynasty. With the expansion of the "Silk Road" and "Belt and Road" initiatives, Chinese tea gained international recognition (Zhao, 2013). As an essential trade product, tea has facilitated cultural exchange and emotional connections, contributing significantly to China's primary, secondary, and tertiary industries, with extensive tea garden areas and production levels that top global rankings (Wang., 2019). The tea industry includes six major categories, such as green, red, and Oolong teas, and thousands of derivative businesses, impacting China's economy and livelihoods. Tea's cultural significance and economic contributions have established a strong foundation for industry growth.

Tea's extensive value chain, ease of storage and transportation, and derivatives like tea beverages and health products make it popular with consumers. In regions suitable for tea cultivation, local governments robustly support the industry as a pillar for economic development. As GDP and personal incomes rise, consumer purchasing power increases, along with an evolving consumption mindset. Today, consumers focus on tea's packaging, quality, and brand, preferring premium options. These factors—government support and increased purchasing power—provide strong foundations for tea industry growth.

The development of the internet has also expanded consumer access to a diverse range of teas and cultures, increasing awareness of the health benefits of tea, including caffeine, theanine, and polyphenols, which are known to contribute to heart health, liver detoxification, and more (Ding, 2010). These factors have driven increased consumer interest and demand, accelerating industry development.

However, alongside positive growth prospects due to economic benefits, cultural importance, and government support, tea enterprises face challenges. The worsening international trade environment, intense industry competition, and diverse consumer demands require improved marketing strategies. Current challenges for domestic tea enterprises include

fluctuating prices, limited distribution channels, and the struggle to build brand presence (Zhao, 2015). Non-brand tea enterprises need to innovate their marketing strategies to survive.

Fengxian District is Shanghai's second-largest tea production area, where the government prioritizes tea industry development as part of rural revitalization. They support tea enterprises with policy incentives, blending financing and industry collaboration efforts. As one of Fengxian's leading companies, C Tea Industry Co., Ltd. faces challenges from China's trade environment and increased competition but must update its marketing strategy for stable, sustainable growth. The company needs to assess market opportunities, external threats, internal capabilities, and resources to refine its market positioning, targeting strategies, and overall marketing plan.

This project aims to design a comprehensive marketing plan for C Tea Industry Co., Ltd. through an in-depth analysis of the macro, industry, and micro-environments. By evaluating the company's competitive strengths and weaknesses, investigating its current market positioning, and analyzing its 4P strategy, the project identifies key issues and proposes improved marketing strategies tailored to the company's specific needs. The goal of this study is to enhance C Tea Industry Co., Ltd.'s market competitiveness, drive economic production, and improve the economic outcomes for local tea farmers.

In the upcoming chapters, this thesis will present:

Chapter 1: Introduction. Outlines the historical and contemporary context of the tea industry, establishing the thesis's objectives and purpose.

Chapter 2: Literature Review. Explores various marketing theories, including domestic and international tea industry marketing, while explaining key concepts and analytical models relevant to tea marketing.

Chapter 3: Methodology. Describes the research design and methods used to gather and analyze data for this study.

Chapter 4: Marketing Plan. Includes a comprehensive marketing strategy for C Tea Industry Co., Ltd., with internal and external environment assessments and implementation plans.

Chapter 5: PESTEL Analysis. Applies the PESTEL framework to evaluate the political, economic, social, technological, environmental, and legal factors impacting the company.

Chapter 6: SWOT Analysis. Provides an evaluation of the strengths, weaknesses, opportunities, and threats faced by the company and proposes strategic responses.

Chapter 7: Marketing Strategy. Synthesizes findings to develop product, price, place, and promotion strategies tailored for C Tea Industry Co., Ltd.

Chapter 8: Conclusion. Summarizes the research findings, offering strategic recommendations for enhancing C Tea Industry Co., Ltd.'s market competitiveness.

## **2. Literature review**

### **2.1. Definition of marketing**

The concept of marketing has significantly evolved from a basic transactional focus to a complex, integrated strategy that aligns business objectives with consumer needs. This evolution reflects broader changes in economic environments, consumer behavior, and technological advancements.

Historically, marketing was primarily viewed as a functional activity tied to sales and distribution, emphasizing the need to push products to consumers and achieve sales targets. However, as global markets expanded and competition intensified, the scope of marketing widened to embrace a more strategic role in delivering customer value (Kotler, 2003). Kotler defined marketing as "the social process by which individuals and groups obtain what they need and want through creating and exchanging products and value," highlighting its critical role in fostering long-term relationships rather than merely facilitating transactions.

The American Marketing Association (2004) further developed this perspective, defining marketing as "the activity, and set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large" (Lei, 2009). This definition underscores the broader societal and ethical implications of marketing.

Alternative perspectives have emerged building upon these foundational concepts, with some scholars, including Velda, Butler, and Venice, suggesting that marketing should be integrated into all stages of production, influencing everything from conceptualization to consumption.

The latter half of the 20th century witnessed further evolution in marketing thought, notably through contributions from influential thinkers like Theodore Levitt. Levitt argued for a customer-centric approach that prioritizes meeting consumer needs over merely selling products (1960). This shift in perspective prompted marketers to consider broader market dynamics for sustained growth.

Peter (1954) argued that the primary purpose of a business is to create and cultivate customers. This perspective underscores the essential role of marketing in thoroughly

understanding and addressing consumer needs, highlighting its pervasive influence across all business functions.

The marketing mix concept has significantly contributed to this evolution, with Neil (1964) introducing the 4P's framework—product, price, place, and promotion. This structured approach, later formalized by McCarthy (1960), provides a comprehensive toolkit for developing effective marketing strategies. It allows businesses to approach marketing decisions holistically, effectively balancing internal considerations with external market demands. By considering these various elements, businesses can better navigate the complexities of modern marketing and adapt to changing market conditions, enhancing both their competitive position and their ability to meet consumer expectations.

Christian (1994) advanced the discussion on marketing by introducing the concept of relationship marketing, which emphasizes the importance of nurturing lasting customer relationships over simply managing products. This approach enhances consumer engagement and satisfaction over time, recognizing that loyalty is built through a strong emotional connection between consumers and brands.

In more recent discussions, Sheth and Sisodia (2006) advocate for a comprehensive overhaul of marketing practices in their work. They emphasize the need for companies to adapt to modern challenges and evolving consumer expectations, arguing that traditional methods may no longer suffice in meeting the demands of today's market.

These diverse perspectives illustrate the dynamic nature of marketing as a discipline, which has transformed from a focus solely on transactions to a strategic, value-driven activity. This evolution underscores the integral role marketing plays in organizational success. Understanding these varied definitions and approaches is crucial for businesses to connect effectively with consumers and respond adeptly to the ever-changing landscape of the market.

## **2.2 Marketing-mix**

Building on the foundational definitions of marketing, the Marketing Mix provides a structured framework for implementing these concepts in practice. Initially articulated as the 4Ps by

McCarthy (1960), the Marketing Mix has since evolved to include various frameworks that address the complexities of modern markets and consumer behaviors.

The 4P's—product, price, place, and promotion—serve as the cornerstone of traditional marketing theory. McCarthy's original model emphasizes internal business strategies to improve product offerings and effectively reach target audiences. While this framework remains a staple in marketing education and practice, its limitations have spurred the development of additional models designed to address contemporary marketing challenges.

In 1990, Lauterborn proposed the 4C's framework, which shifts the focus from a product-centric approach to a consumer-centric one. The key elements of the 4C's are customer needs, cost, convenience, and communication. This model prioritizes understanding and satisfying consumer demands, representing a significant progression in marketing thought.

The 4S model, introduced by Constantinides (2002), emphasizes four components: scope, site, synergy, and system. This framework highlights the integration of digital marketing and the role of online platforms, adapting to the growing significance of e-commerce in contemporary marketing strategies.

Sanchez and Heene (1997) defined the 4V's—value, variety, volume, and velocity—in their work on competence-based competition. This model addresses the need for flexibility and responsiveness in markets characterized by rapid change and diverse consumer demands, reinforcing the significance of adaptability in marketing practices.

In the context of relationship-building, Schultz introduced the 4R's framework—relationships, retention, referrals, and recovery—in 1993. This model focuses on nurturing strong consumer relationships and retaining customers, emphasizing long-term engagement over short-term transactional interactions.

Lastly, the 4I's framework, proposed by Weber and Rech (2006), highlights individualization, involvement, integration, and integrity. This approach underscores the importance of personalized marketing, aligning marketing efforts with consumer values and enhancing brand integrity through active consumer involvement.

The cumulative effect of these frameworks illustrates the dynamic evolution of marketing strategy development, offering varied approaches that adapt core marketing principles to meet contemporary consumer expectations and leverage technological advancements. These



models equip marketers with a diverse toolkit to craft effective strategies that resonate within today's complex marketplace.

### **2.3 Research on Tea Industry Marketing**

The marketing of the tea industry varies significantly across different regions, adapting to unique cultural, economic, and consumer landscapes. Scholars have explored these variations, focusing on how tea marketing strategies are tailored to meet both local and international demands.

In Sri Lanka, Hilal and Mubarak (2016) emphasize the importance of reinvigorating marketing strategies to sustain the country's competitive edge in the international tea market. They advocate for a greater focus on innovation, both in product development and marketing approaches, to appeal to evolving global consumer preferences. By enhancing promotional efforts and diversifying product offerings, Sri Lankan tea marketers aim to strengthen the brand image and expand their reach in international markets. This involves aligning marketing practices with global trends while retaining the unique heritage and quality that distinguishes Sri Lankan tea.

The study by Sabur. (2000) on the Bangladeshi tea industry highlights the significance of local pricing strategies and market segmentation. Their research identifies effective pricing as a critical component in maximizing market penetration and consumer reach. By understanding the specific economic conditions and consumer behaviors within Bangladesh, tea marketers can tailor their strategies to improve sales. This regional focus underscores the need for sensitivity to local market dynamics to achieve sustained growth and profitability.

Chen and Lu (2021) provide an economic perspective on the Chinese tea industry, analyzing how historical and contemporary economic shifts affect marketing strategies. Their study emphasizes the importance of aligning marketing approaches with broader economic trends to maintain market relevance. In China, where tea has a robust cultural and historical presence, leveraging these aspects in marketing strategies can enhance consumer engagement and loyalty.

While, on a global scale, Tanui. (2012) explore the interconnectedness of world black tea markets. Their analysis reveals the intricate relationships between global trade patterns and marketing strategies, highlighting the necessity for tea companies to adapt to diverse cultural and consumer preferences. For companies aspiring to maintain a strong international presence, understanding these trade patterns and customizing marketing strategies to fit varying cultural contexts is crucial.

Hall (2000) offers a comprehensive view of the global tea industry, detailing how integrated marketing strategies can synchronize with production and distribution channels. This research highlights the critical role of cohesive marketing efforts that are responsive to both supply chain efficiencies and consumer demands, ensuring that marketing does not operate in isolation but as part of a unified strategic approach.

Collectively, these studies illustrate that effective tea marketing is highly contextual and relies on innovation, local market understanding, cultural adaptation, and strategic integration with broader economic trends. By leveraging these insights, tea marketers can enhance their capacity to navigate the complexities of both regional and global markets, ultimately ensuring long-term success and profitability. Various analytical models, including SWOT, PEST, and Porter's Five Forces, have been applied to enhance marketing effectiveness, providing structured frameworks that help tea enterprises tailor strategic solutions to their unique challenges.

The SWOT model is frequently employed in the tea industry to evaluate strengths, weaknesses, opportunities, and threats. This model serves as a foundational tool for developing strategies that capitalize on strengths while mitigating weaknesses. For example, Yang (2013) conducted a SWOT analysis of the Yaan tea industry, advocating for strategies focused on cost reduction through collaboration and learning from successful brands. Similarly, Zhou (2018) proposed the "Four One" project for the Hunan tea industry, suggesting that leveraging SWOT could aid in brand building and emphasizing cultural essence, thereby fostering leadership and establishing robust marketing platforms.

Meanwhile, the PEST model examines the political, economic, social, and technological factors affecting the tea industry, providing a macroscopic view of the industry landscape. Lu (2019) highlighted the importance of policy promotion and government-enterprise

collaborations in the analysis of the Anhua dark tea industry. These findings suggest that tea enterprises should harness supportive policy frameworks and technological advancements to enhance their market competitiveness.

As research in the tea industry has progressed, many scholars have begun to integrate models like SWOT and PEST with Porter's Five Forces for a more comprehensive strategic analysis. Ji (2018) combined these models to explore the marketing strategies of English-German red tea, emphasizing the development of green technologies and products while ensuring stringent quality control measures. Bitalu (2022) underscored the importance of integrating tourism and social resources into tea marketing efforts through these combined models, highlighting the need for a supportive environment fostered by government initiatives.

These analytical frameworks not only provide a theoretical basis for strategic planning but also guide practical applications that improve marketing strategies. By employing SWOT, PEST, and Porter's Five Forces, tea enterprises can effectively navigate the competitive landscape, strengthen their market positions, and adapt to evolving consumer demands. This integration ensures that tea companies are well-equipped to address both regional and global market challenges effectively, driving strategic innovation and operational efficiency.

## **2.4 Marketing Strategies for the Tea Industry**

The tea industry requires a comprehensive approach to marketing, encompassing current realities and addressing challenges with strategic solutions. Understanding and refining these practices is vital for enhancing competitiveness. This section explores traditional and digital marketing methods, the integration of cultural elements, and the diverse consumer segments that the industry must address.

Research shows that evaluating marketing strategies from both online and offline perspectives is crucial for adaptation and growth. For instance, Wang (2017) examined Anhua dark tea's marketing, identifying weaknesses in the sales model, brand development, and market segmentation. Recommendations include repositioning brands to better fit market needs, employing advanced network technologies to diversify sales channels, broadening

pricing ranges to include premium products, and enhancing promotional activities to boost engagement and sales.

Similarly, Wang (2020) evaluated the branding strategies of the Jiangxi tea industry, finding gaps in the integration of tea culture and processing techniques. In response, differentiation based on consumer needs was advised. Leveraging internet platforms to build a resonant brand identity and establishing integrated marketing models both online and offline were suggested as key strategies for revitalizing brand presence and ensuring sustained competitiveness.

Network marketing's role in expanding tea brands is also becoming increasingly significant. Jiang (2020) highlighted the state of network marketing for Hangzhou West Lake Longjing Tea, pointing out misalignments in user demographics and product offerings. Addressing these issues requires improving brand experience by focusing on younger consumers and creating synergy between online and offline sales channels. This ensures an enduring connection with modern consumers who often seek seamless purchasing experiences across media.

Scholars advocate for embedding tea culture into marketing as a differentiation strategy. Han (2014) and others suggest that infusing cultural narratives into product development and marketing communications, such as through packaging, storytelling, and tea art, can significantly boost product uniqueness and brand prestige. Wang (2016) further argued that tea tourism can be a powerful tool in promoting cultural narratives, thus enriching customer experiences and meeting diverse consumer demands. Such approaches not only set brands apart but also create immersive experiences that deepen consumer loyalty.

Understanding consumer demographics is key to effective marketing strategies. Guan (2018) analyzed the consumption habits of individuals aged 40-59, who form the core tea-drinking demographic due to established habits from youth. There's a pressing need to engage consumers under 40 by developing innovative products that appeal to their tastes, which can be done by leveraging digital platforms to foster early tea-drinking habits.

Regional market differences also play a significant role in shaping marketing strategies. Xu (2016) pointed out that consumers in tea-producing areas typically have easier access to products at lower prices, influencing buying habits. Urban areas show higher demand than

rural ones, further informing targeted marketing approaches. Liu (2016) demonstrated a positive correlation between education levels and tea consumption, indicating that educational campaigns highlighting tea's cultural and health benefits can attract well-educated consumers who are likely to become brand advocates.

In conclusion, while current research offers substantial insights, areas such as tea tourism and innovation in digital marketing channels require further exploration to harness their full potential. Most existing studies focus on traditional regional, cultural, and technological factors, often overlooking the complexities introduced by digital transformation and emerging competitive pressures. As China's trade environment evolves, tea companies must innovate their marketing strategies to thrive under these new normal conditions.

Harnessing the potential of emerging platforms like TikTok for creative marketing efforts can significantly enhance brand visibility and engagement. By blending traditional wisdom with modern marketing innovations, tea enterprises can enhance their competitiveness, attracting and retaining a diverse consumer base. This approach ensures long-term success and establishes a resilient market presence in the increasingly dynamic tea industry landscape.

### 3. Methodology

The research began with an extensive literature review of existing theories related to the tea industry, consumer behavior, and marketing strategies. This review provided valuable insights into market dynamics, consumer preferences, and best practices in the tea industry, helping to identify gaps in C Tea Industry' s current strategies and informing the development of targeted marketing solutions. Building on this foundation, a study was done, focusing on C Tea Industry to conduct an in-depth analysis of its external market conditions and internal operations. This approach allowed for a thorough understanding of the company's current marketing practices and its positioning within the competitive tea landscape.

To further enrich the findings, a consumer market survey was conducted to assess customer preferences, behaviors, and perceptions regarding tea consumption and C Tea Industry' s products. The survey was designed using a convenience sampling method and distributed to a diverse group of tea consumers in the Shanghai region. The survey was conducted from October 1, 2024, to October 31, 2024, using both online and offline methods. Online distribution was facilitated through the largest digital survey platform in China, Questionnaire Star, while in-person responses were collected from tea shops and events frequented by local consumers.

In total, 150 questionnaires were distributed, and 138 responses were collected. After excluding 10 invalid responses, 128 valid questionnaires were analyzed, providing critical insights into consumer preferences and behaviors. The survey consisted of two primary sections: demographic information (e.g., age, income, education) and tea consumption habits (e.g., frequency of consumption, purchasing channels, and brand perceptions). The data collected was analyzed using a combination of quantitative statistical methods to identify key trends and qualitative assessments of consumer motivations through open-ended responses.

The survey results are essential for determining current consumer trends and needs of the respondents. Preliminary findings indicate that respondents place significant value on the quality, packaging, and brand reputation of tea products. Moreover, price sensitivity remains a factor, especially among middle-income consumers. The survey also highlighted a growing

interest of the respondents in premium and health-oriented tea products, which aligns with the increasing demand for wellness products in the broader market.

Additionally, a SWOT analysis was conducted to evaluate C Tea Industry' s market position. This analysis identified the company' s strengths (e.g., strong local production capabilities), weaknesses (e.g., limited brand recognition), opportunities (e.g., expanding online sales), and threats (e.g., increasing competition from well-established brands).

## **4. Marketing plan**

### **4.1. The Executive Summary**

C Tea Industry Co., Ltd. is a leading tea enterprise based in Mucheng Town, Fengxian District, recognized for its robust operations in the production, processing, research and development, and sales of tea. Established in 2013, the company has quickly evolved from a small enterprise into a significant player in the regional tea market. With a facility spanning 12,000 square meters and a dedicated 13,500-acre tea plantation, C Tea Industry has integrated advanced technology and innovative practices into its operations, earning multiple accolades, including recognition as an excellent new enterprise in Fengxian District, as well as a provincial-level key player in agricultural industrialization.

The context in which C Tea Industry operates is characterized by a dynamic macroeconomic environment. Supportive national policies for the agricultural sector, coupled with technological advancements, create numerous opportunities for growth within the tea industry. However, the company faces challenges from increasing competition posed by alternative beverages, such as low-fat drinks and modern milk teas, which have gained popularity among consumers.

The primary objective of this marketing plan is to enhance the strategic marketing capabilities of C Tea Industry Co., Ltd. through a comprehensive analysis utilizing SWOT and Porter's Five Forces models. These analyses provide valuable insights into both external factors shaping the market and internal capabilities, highlighting opportunities for the company to strengthen its market position.

Key findings from the external and internal analyses suggest that while the company benefits from a favorable production environment and growing consumer interest in premium tea products, it faces challenges in areas such as product diversification, brand awareness, and marketing effectiveness. The internal assessment also identified the need for stronger promotional strategies and improved employee competencies to effectively compete in an increasingly crowded marketplace.



This marketing plan proposes several strategic initiatives aimed at differentiating C Tea Industry's product offerings, expanding its market reach, and fostering customer loyalty. Recommendations include the development of innovative tea blends to appeal to health-conscious consumers, enhanced digital marketing efforts to target younger demographics, and the establishment of strategic partnerships to improve distribution channels. Additionally, the plan emphasizes the importance of maintaining high standards in quality management to reinforce brand reputation and build consumer trust.

To support the successful implementation of these strategies, a streamlined budget of RMB 1,027,000 has been proposed, focusing on cost-effective initiatives such as targeted digital marketing, local promotional events, and product improvement. This budget prioritizes impactful activities, including leveraging social media and e-commerce platforms for maximum reach, hosting regional tea fairs and workshops to build brand loyalty, and introducing health-oriented tea products with improved packaging to meet consumer preferences. By adopting a focused approach and avoiding unnecessary expenditures, this plan ensures that C Tea Industry can achieve its marketing objectives, enhance brand visibility, and drive growth within a competitive market, all within a manageable and efficient financial framework.

In conclusion, the strategic direction outlined in this marketing plan is designed to ensure the long-term success of C Tea Industry Co., Ltd. by improving its operational efficiency and strengthening its reputation as a leading enterprise in the competitive tea industry.

## **4.2. External situation analysis**

### **4.2.1. PESTEL-Analysis**

#### **4.2.1.1 Political factors**

The political environment is a significant determinant of strategic planning for tea enterprises in China, shaping both opportunities and challenges within the industry. These factors can be categorized into national and local policies, each influencing the tea sector in distinct ways.

At the national level, initiatives like the "Belt and Road" Initiative have created considerable opportunities for the tea industry by expanding international market access and facilitating favorable trade agreements. This initiative reduces tariffs and opens new export avenues,

particularly for popular varieties such as green tea, which have seen increased demand in regions like Morocco and Uzbekistan. Moreover, China's 14th Five-Year Plan emphasizes the modernization of agriculture and promotes the production of high-quality tea products. The plan includes provisions for subsidies aimed at encouraging sustainable farming practices and technological advancements, which are critical for enhancing the global competitiveness of Chinese tea.

However, the tea industry also faces significant challenges due to increasing trade frictions and stricter requirements concerning agricultural residues imposed by importing countries such as Morocco and Burkina Faso. These regulations present compliance challenges, compelling tea producers to navigate complex export requirements, thereby affecting their financial stability and operational efficiency.

At the local level, regions such as Fengxian District implement various supportive measures to foster the growth of the tea industry. Local governments provide grants and low-interest loans to encourage infrastructure investments and modernization efforts, creating a conducive environment for tea businesses. Furthermore, environmental regulations necessitate careful management of agricultural inputs to ensure that tea products meet both domestic safety standards and international export criteria.

Local governments are also proactive in promoting regional tea brands through branding campaigns that highlight the unique qualities of local tea varieties. This promotion helps to bolster market recognition and demand for tea produced in these areas.

Navigating these national and local political factors requires tea enterprises to strategically align their operations with existing policy frameworks. By leveraging opportunities presented by supportive government initiatives while adhering to necessary regulatory requirements, companies within the tea industry can maintain their competitive edge and foster growth in the dynamic landscape of the Chinese tea market.

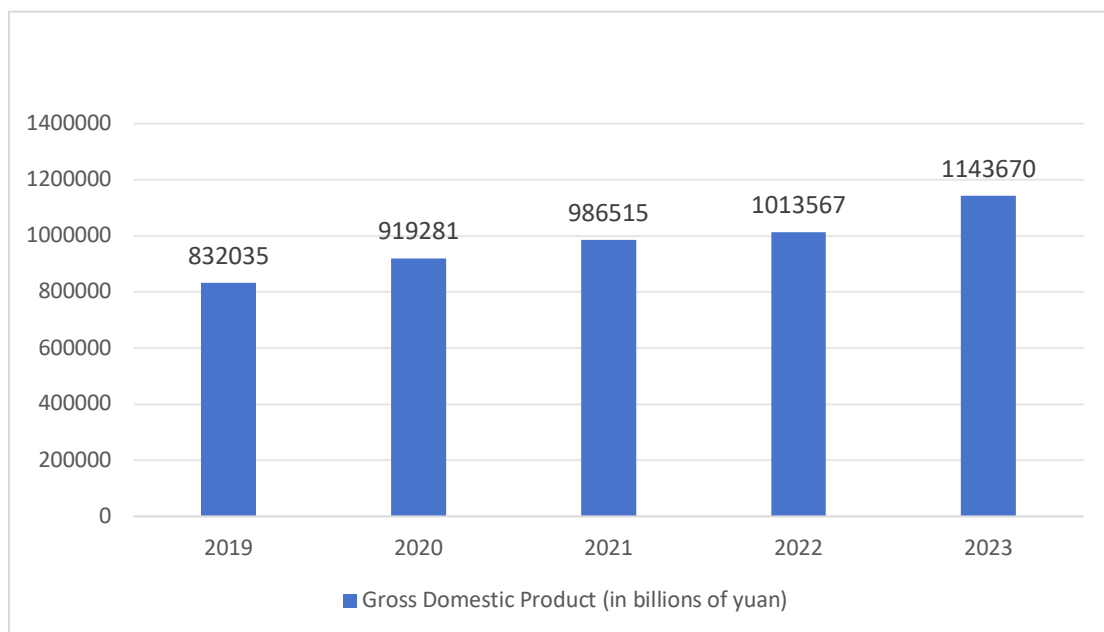
#### **4.2.1.2 Economic factors**

The economic environment plays a vital role in shaping consumer demand and the purchasing power necessary for the tea industry's growth. For most consumers, purchasing tea is

influenced not only by necessity but also by their economic capacity. Thus, a flourishing economic environment significantly boosts consumer demand for tea products, promoting industry expansion. Analyzing economic factors is crucial in crafting effective marketing strategies for tea enterprises.

China's economic landscape is characterized by robust GDP growth, indicating a healthy economic backdrop for various industries, including tea. Recent data reveal that China's GDP surged to 114 trillion yuan in 2023, reflecting an 8.1% year-on-year increase. This consistent GDP growth underscores China's position as the world's second-largest economy and highlights its growing economic prowess among major economies. The Chinese government's proactive approach to improve the economic structure by expanding domestic demand and implementing supply-side reforms, especially post-pandemic, has further stimulated sustainable economic growth and resilience.

Figure 4.1 Chinese GDP 2019-2023 (unit: 100 million)

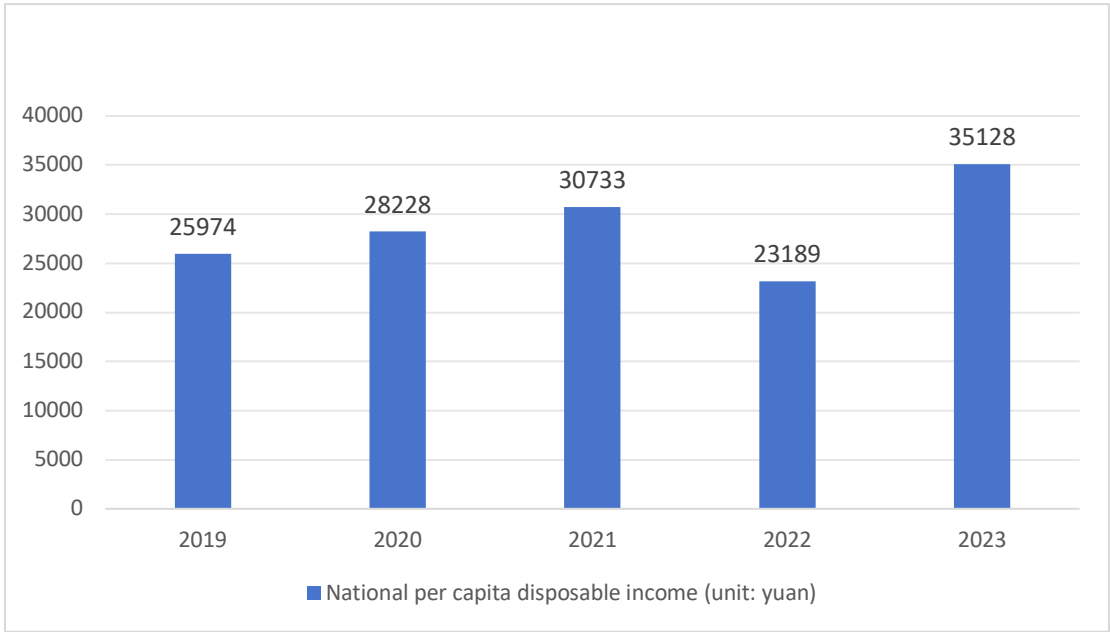


Source:Li(2023)

Personal disposable income is equally influential in driving tea consumption. Over the past several years, except for a brief decline during the COVID-19 pandemic, China's per capita disposable income has consistently increased, reaching 35,128 yuan in 2021. This ascent

denotes enhanced consumer purchasing power, enabling them to allocate more resources to non-essential goods such as tea. Consequently, this rise in disposable income aligns with increased tea sales, underscoring a robust consumer base willing to invest in quality tea products. The tea market benefits significantly from this financial empowerment, opening avenues for premium product offerings and nuanced marketing strategies aimed at various consumer segments.

Figure 4.2 2019-2023 Per capita disposable income (Unit: Yuan)



Source:Li (2023)

As we can see, the overall economic environment continues to improve, with growth in GDP and increased personal disposable income boosting consumer demand for tea products.

4.2.1.3 Social-cultural factors

The social environment, encompassing elements like cultural traditions, local customs, and societal values, plays a critical role in influencing economic development and consumer behavior. Tea culture, deeply ingrained in many societies, acts as a catalyst for promoting a harmonious social atmosphere. It is associated with notions of purity and beauty, and is often

consumed as a key element of cultural and personal refinement. The tea ceremony, with its emphasis on values such as clarity, tranquility, and modesty, not only contributes to health and wellness but also serves as a medium for enhancing interpersonal relationships. Tea rituals, observed in courts, temples, homes, and even in wedding customs, underscore its integral role in fostering genuine and courteous human interactions.

The multifaceted cultural nature of tea has allowed it to absorb and integrate with other cultural practices, giving rise to complementary aspects like tea set culture, tea aesthetics, and the broader tea ceremony traditions. This cultural elevation transforms tea from a mere beverage to a symbol reflecting the rich values and aesthetic preferences of various societies, particularly within the Chinese tradition. Globally, tea continues to hold significant sway as a preferred beverage, reflecting its universal appeal and adaptability.

Understanding the social environment is essential for tea enterprises when formulating marketing strategies. Analyzing cultural dynamics enables businesses to comprehend consumer behaviors, identify purchasing preferences across different demographics, and implement effective market segmentation and positioning strategies. This insight is invaluable for discovering potential consumer bases and tailoring products and services to meet diverse needs, ensuring that tea remains a vital component of cultural and social life worldwide. By aligning marketing efforts with these social-cultural insights, enterprises can better connect with their audiences and foster long-term loyalty.

#### **4.2.1.4 Technological factors**

The improvement and innovation of technology is the key factor for the transformation and upgrading of tea enterprises and the rapid development of tea enterprises. Mastering advanced technology and methods, and reasonable application in tea planting, processing and sales, can make tea enterprises improve the production capacity and quality of tea, broaden channels and enhance market competitiveness. In addition, due to peoples increasing requirements for agricultural residues, the planting technology of tea has gradually shifted to organic tea planting.

In terms of processing, after a long period of accumulation and evolution, there are mechanized and industrial processing equipment, but the current processing method is still mainly artificial picking, screening, frying and drying, and some links will use machinery. The level of tea processing industry is low, there are two main reasons: the seasonality of tea harvest is obvious, many tea areas, tea gardens are in hilly areas, although the processing equipment improves the efficiency, but the utilization rate is low, and different types of tea processing technology, mechanical processing is not suitable for all tea; second, the harvest of tea, new leaves and old leaves, leaves and small water content is different, using artificial can control the heat and time, can obtain higher quality tea.

The processing technology for green tea in Shanghai has seen significant advancements across various dimensions. In terms of color, modern techniques now allow for precise control over the ratio of chlorophyll A to chlorophyll B, ensuring the desired hue of dry tea. Additionally, by managing the combination of polyphenols with metals during processing, the issue of dry tea developing an undesirable dark color is minimized. The oxidation of flavonoids is also carefully controlled to prevent the tea from turning yellow. Aromatically, processors can now regulate the levels of compounds like green alcohol, linalool, and benzyl alcohol to encourage the Maillard reaction, creating a rich, caramel-like aroma. Taste-wise, advancements promote the breakdown of polyphenols and ester catechins to lessen bitterness, while enhancing the hydrolysis of polysaccharides and proteins contributes to the formation of soluble sugars, increasing sweetness and body. Amino acid accumulation further enhances the tea's umami flavor. Innovations such as heat conduction-heat convection coupling and precise humidity control have markedly improved the color, flavor, freshness, and aroma of green tea. These technologies enable tea enterprises to elevate product quality, innovate new offerings, and build a strong brand image, thus boosting revenues and competitiveness in the marketplace.

Modern network technology has also significantly expanded tea sales channels. Platforms like Weibo, WeChat, Taobao, and JD.com allow for interactive communication with consumers, facilitating marketing and sales efforts. These digital avenues enable tea companies to effectively promote their products, engage with customers, and provide enhanced services, thereby strengthening their market presence and driving growth.

#### **4.2.1.5 Environmental factors**

Environmental factors have a profound impact on the tea industry, shaping both the operational and strategic landscape of tea enterprises. These factors encompass weather patterns, the availability of raw materials, pollution levels, climate change, waste management practices, agricultural trends, and sustainability initiatives, all of which intertwine to influence the industry's overall viability.

Weather and climate change are pivotal in tea cultivation, directly influencing yield and quality. Tea plantations are vulnerable to unpredictable weather patterns such as unexpected frosts or prolonged droughts, which can adversely affect the plants. Although Shanghai, located at the 30-degree north latitude, enjoys a "golden latitude" favorable for tea cultivation, climate change introduces variability that can disrupt traditional growing seasons. Rising temperatures and changing rainfall patterns necessitate adaptive strategies. For instance, tea producers must select resilient tea varieties and employ innovative irrigation techniques to maintain both productivity and quality under shifting climatic conditions.

The scarcity of raw materials presents another challenge, especially regarding high-quality tea seedlings. Innovations within the industry demonstrate how strategic interventions can overcome these local limitations. The example of Shanghai's "Maple Tea Garden" illustrates this concept well. By importing 800,000 tea seedlings from Fujian and enhancing soil conditions with 49,000 tons of mountain loess from Zhejiang's Changxing tea garden, the establishment transformed its growing environment to emulate the mountainous regions of Fujian, thereby ensuring optimal growth conditions for its tea plants.

Pollution and waste management are also critical issues that tea enterprises must address. Effective management of agricultural runoff and chemical usage is essential to prevent environmental degradation. In this regard, Shanghai's adoption of sustainable infrastructures, such as infiltration ditches for improved water management, reflects a commitment within the industry to minimize its environmental footprint. By implementing proper waste management systems, tea producers can mitigate pollution risks, maintain ecological balance, and ensure the continued quality of their tea products.

Moreover, sustainable agricultural practices are becoming increasingly important for the long-term viability of the tea industry. In Shanghai, efforts to revitalize rural communities include initiatives such as developing tea-related cultural tourism and establishing distribution centers, like the "minority tea" hub in the Yangtze River Delta. These endeavors not only support regional economic development but also raise public awareness of tea's cultural and ecological significance, ultimately reinforcing the connection between tea production and community identity.

#### **4.2.1.6 Legal factors**

The legal environment in China presents both opportunities and challenges for the tea industry, driven largely by supportive policies and regulations aimed at promoting agricultural development. Noteworthy policy initiatives, such as the "Opinions on Seizing the Opportunity to Strengthen the Tea Industry" and the "14th Five-Year Plan for National Planting Industry," have created a robust framework that encourages growth and sustainability within the tea sector.

With the guiding principle that "clear waters and green mountains are as valuable as gold and silver," there is significant governmental emphasis on rural revitalization and comprehensive well-being policies that further empower tea enterprises. Since the tea industry is rooted in agriculture and characterized by its green and ecological attributes, these policies enhance environmental protection and directly relate to the livelihoods of many tea farmers.

There are challenges within the tea-producing regions, especially in remote rural areas where the phenomenon of "hollowing out" occurs. This situation, where young laborers migrate to urban centers for better opportunities, has resulted in underutilized agricultural land that is neither being farmed nor maintained. As a result, these areas may become overgrown with weeds and waste valuable land resources, hampering rural economic development and supply-side structural reform efforts.

However, initiatives aimed at revitalizing the agricultural landscape warrant optimism. Transforming "desperate land" into "fields of hope" is crucial. Enhanced economic benefits from tea picking can encourage young adults to remain in rural areas, fostering local economic



development. These efforts contribute to the broader goal of achieving a comprehensive well-off society and fulfilling the vision of ecological balance, linking green tea production to sustainable practices in agriculture.

In 2020, Shanghai implemented the "Promotion Plan of Sichuan Tea Industry," targeting 30 tea advantageous areas. This plan included the establishment of a "one main and three auxiliary" tea processing concentration zone focused on high-quality green tea production, setting a strategic goal of cultivating a 100 billion yuan tea industry by the end of 2022. The progressive legal frameworks surrounding tea cultivation and production create pathways for growth, stability, and recognition on the international stage.

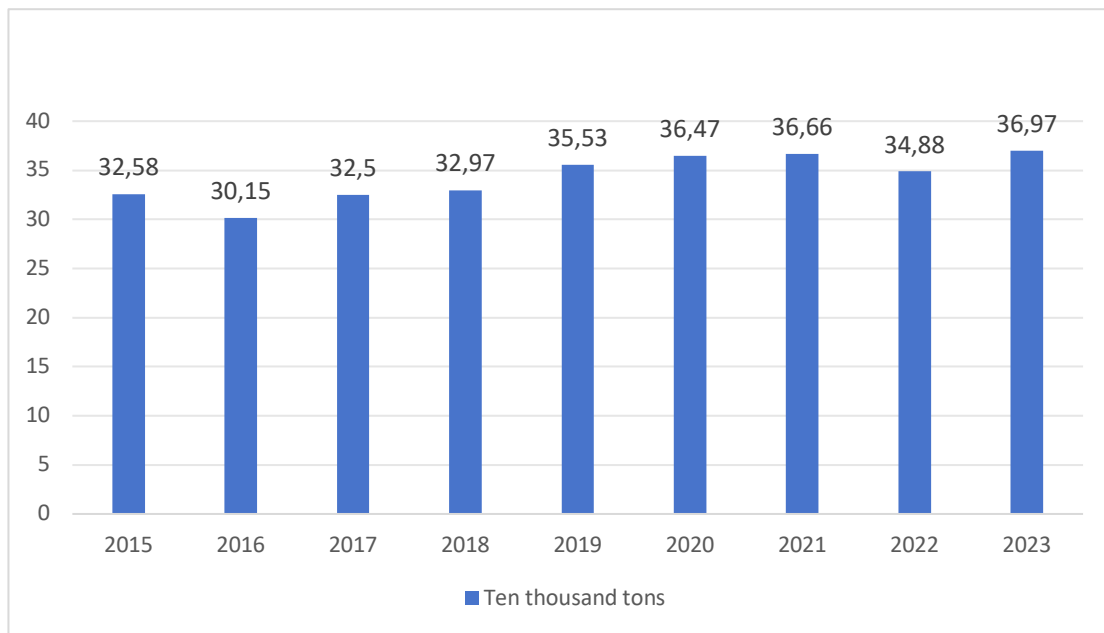
Further solidifying these efforts, the No.1 document from the CPC Central Committee in early 2017 outlined "Several Opinions for Deepening Agricultural Supply-side Structural Reform." The document advocates for integrating innovative development models such as "ecology +," "tourism +," and "Internet +" into agricultural and rural development plans. By conforming to supply-side structural reforms and building modern villages and new urban areas, the policies stimulate comprehensive societal development.

#### **4.2.2. Industry analysis**

##### **4.2.2.1 Analysis of Chinese Tea industry**

The Chinese tea industry is characterized by its rich diversity in both tea categories and the number of enterprises involved. Tracing its roots back thousands of years, tea in China is said to have originated with Shennong and gained prominence during the Tang and Song Dynasties. As the first nation to discover, cultivate, and process tea, China boasts a lengthy history of tea production, consumption, and trade. Given the country's vast territory and varying climatic conditions across different provinces, an abundance of tea species has developed, leading to a richly diverse tea culture. According to the national standard "GBT 30766-2014 Tea Classification," implemented in 2014, tea is categorized into several types: green tea, black tea, white tea, yellow tea, dark tea, oolong tea, and reprocessed tea (Standardization Administration of China, 2014).

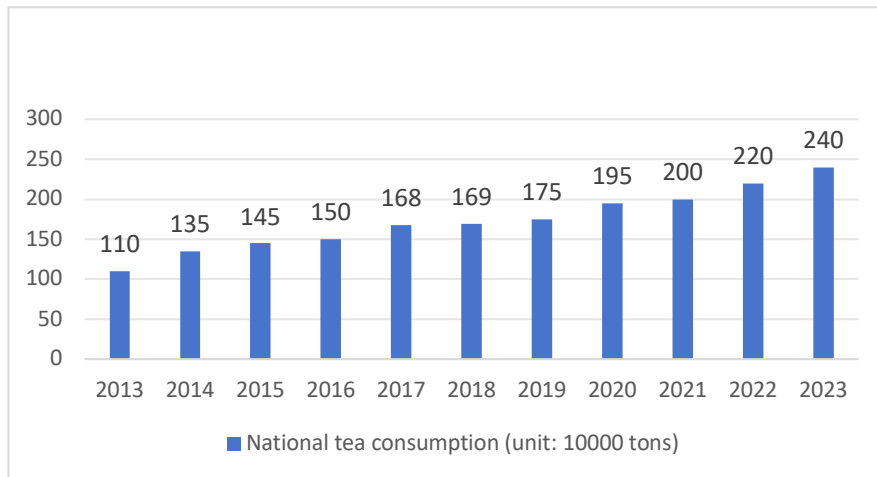
Figure 4.3 Change of China's tea export volume from 2015 to 2023 (unit: 10,000 tons)



Source:Li (2023)

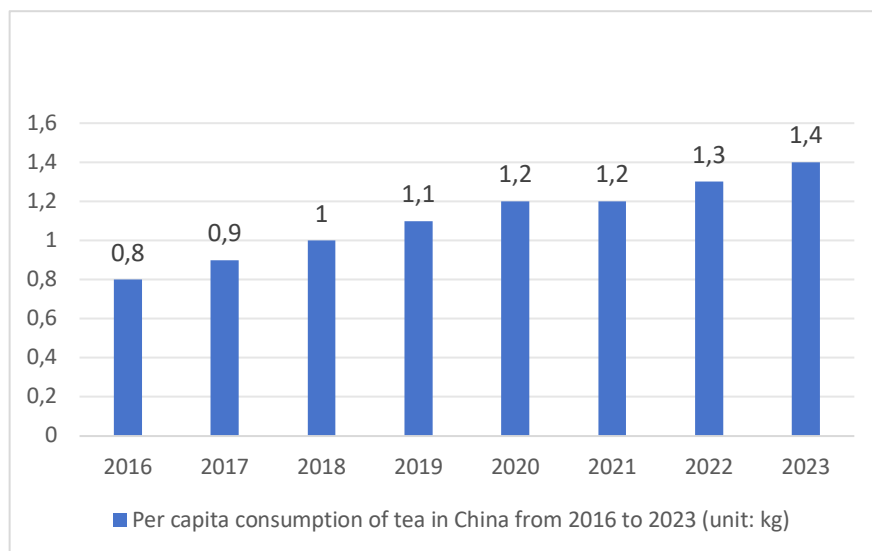
Starting at 32.58 million tons in 2015, exports experienced a slight drop to 30.15 million tons in 2016 before recovering to 32.5 million tons in 2017. From 2017 to 2021, it has maintained a steady improvement. However, a decline to 34.88 million tons was noted in 2022, likely due to external market challenges. By 2023, the export volume rebounded to 36.97 million tons, indicating a recovery and continued interest in Chinese tea products. Overall, the data showcases the industry's adaptability and potential for growth in international markets.

Figure 4.4 Total domestic sales of Tea in China in 2013-2023 (unit: 10,000 tons)



Source:Li (2023)

Figure 4.5 Per capita consumption of Tea in China in 2016-2023 (unit: kg)



Source:Li (2023)

As of 2019, China's tea industry has matured into a comprehensive industrial chain, encompassing upstream cultivation, midstream processing, and downstream marketing, including new tea beverages. Companies like Small Pot Tea, Dayi Tea, and Yifu Tang have integrated these processes, facilitating scientific research, advanced production technologies, and diverse sales channels. Despite these advances, the industry struggles with supply surpassing demand. Looking ahead, Chinese tea enterprises have potential to diversify into

newer markets, with brands like Xi Tea and Naixue Tea leading product diversification efforts. Additionally, leveraging the "Belt and Road" initiative could help expand their presence in international markets.

And in 2023, the output of green tea in China will continue to increase steadily, but the proportion of total domestic tea production slightly decreased; white tea and yellow tea momentum than last year, the output increased sharply, the proportion of total domestic tea production slightly increased. In terms of the development of yellow tea, compared with the previous year, the output of yellow tea in 2023 increased by 44,800 tons, accounting for 0.5% of the total output, with an increase of 48.78%. This trend not only adds strength to the development of the yellow tea industry, but also provides opportunities and confidence for the development of the yellow tea enterprises.

Per capita consumption of tea also continues to rise: in addition to the increase in total consumption, per capita consumption of tea in China also is on the rise between 2016-2023, from 0.8kg in 2016 to 1.4kg in 2023. This trend is expected to continue in the future.

Table 4.1 Statistical table of major tea production in China in 2020( unit:10,000 tons)

teas	Production volume in 2022	Production volume in 2023	amount of increase	rate of rise (%)
green tea	184.27	177.28	6.99	3.94
black tea	40.43	30.72	9.71	31.59
dark green tea	37.33	37.81	-0.48	-1.28
oolong	27.78	27.58	0.20	0.73
white tea	7.35	4.96	2.39	48.05
yellow tea	1.45	0.97	0.48	48.78
amount to	298.61	279.34	19.27	6.90

Source:Li(2023)

Globally, the tea market is projected to reach \$73.13 billion by 2026. In China, per capita tea consumption continues to rise, contributing to the expansion of the domestic market, with sales reaching 1,910,500 tons in 2023. This growth is driven by an increasing awareness of

health benefits, reinforcing a positive outlook for the global tea market, which is expected to maintain its upward trajectory.

Currently, China is home to approximately 70,000 tea companies, which are distributed throughout the country. The landscape of the tea industry includes a mix of large state-owned enterprises, regional private companies supported by local governments, and smaller medium-sized enterprises that primarily focus on OEM (Original Equipment Manufacturer) sales. Additionally, foreign tea brands have begun to carve out a niche in the domestic market, increasing competition. Despite this proliferation of companies, the majority are engaged in local cultivation and production, limiting their international trade capabilities. China's vast tea cultivation area ranks first globally, yet the lack of large-scale enterprises focused on international trade remains a concern. Furthermore, increasing trade barriers in the global tea market have created challenges for Chinese companies seeking to enter international markets.

Another notable aspect of the Chinese tea industry is the prevalence of small enterprises lacking significant influence as brands. The vast majority of the 70,000 tea companies operate at a small scale, engaging primarily in retail without achieving substantial economies of scale. To address this issue, it is imperative for tea companies to consolidate their resources—human, material, and financial—to establish and promote recognizable tea brands that can compete effectively in both domestic and international markets. This requires a strategic shift toward brand building and marketing that highlights quality and uniqueness.

Moreover, the overall quality of the workforce within the Chinese tea industry leaves room for improvement. Many practitioners currently lack a high cultural and educational background, which hinders the industry's growth and its ability to compete effectively on international platforms. As the global market for tea continues to expand, it is critical for the industry to invest in workforce development through training initiatives, educational programs, and professional development opportunities. Enhancing the cultural literacy and skill sets of employees will not only improve operational efficiency but will also bolster the industry's capacity to promote and compete with its products in a wider international context.

In conclusion, while the Chinese tea industry boasts a rich historical legacy and an impressive variety of tea types, it faces several challenges that must be addressed to maintain and enhance its position as a key player in the global tea market. These challenges include

expanding international trade opportunities, building influential tea brands, improving workforce quality, and effectively navigating the complexities of a diverse market landscape. By strategizing against these hurdles, the industry can unlock its full potential and drive sustainable growth in the coming years.

#### **4.2.2.2 Analysis of the Production of Tea in Shanghai**

Tea has become an integral part of daily life for the Chinese people, deeply embedded in both material and spiritual culture. It is not merely a beverage, but a tradition that reflects social interaction and cultural heritage. In Shanghai, the production of tea has shown a steady upward trend over the years, demonstrating the city's commitment to advancing its tea industry.

In 2023, the total production of tea in Shanghai reached 2.616 million tons, representing an increase of 120,000 tons from the previous year and a growth rate of 4.8%. This rising trend reflects the region's favorable conditions for tea cultivation and the increasing popularity of tea consumption among consumers. Furthermore, the total production value of Shanghai's tea industry reached 215.73 billion yuan in 2023, an impressive growth of 10.7% compared to the previous year (Luo, 2023). This significant increase in production value underscores the expanding economic impact of the tea sector within the region.

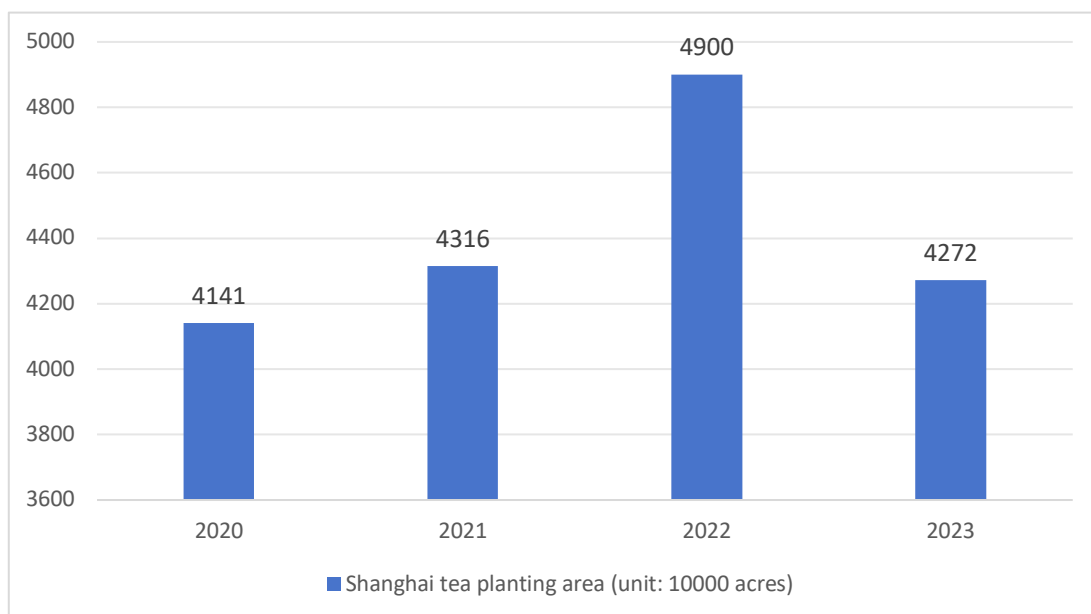
Figure 4.6 Total tea output in Shanghai from 2020 to 2023



Source:Luo (2023)

The planting area devoted to tea gardens in Shanghai has also shown an upward trend between 2020 and 2023, indicating a growing commitment to tea cultivation. The expansion of these areas correlates with increased interest in tea production and consumption, positioning Shanghai as a key player in the broader Chinese tea industry.

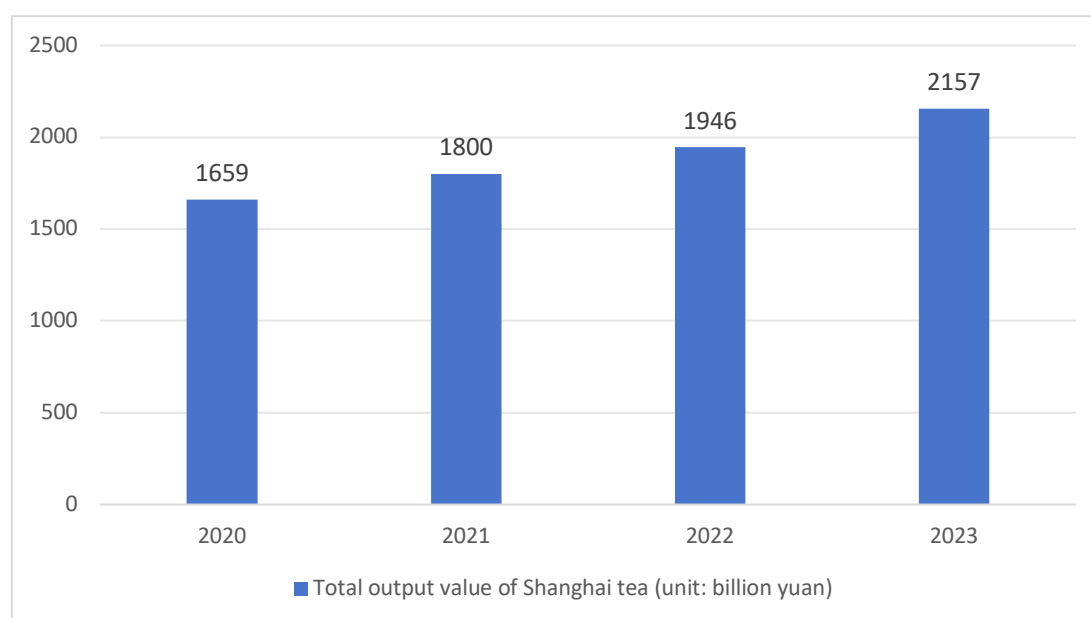
Figure 4.7 Planting area of tea garden in Shanghai in 2020-2023



Source:Luo (2023)

The potential of the tea industry in Shanghai is substantial, supported by a well-structured industrial chain. The tea industry in China has developed a comprehensive system encompassing upstream tea planting and processing, midstream sales channels, and a downstream consumer market. This integration ensures efficiency and quality control throughout the production process. Prominent Chinese tea enterprises, such as Small Pot Tea and Zhuyeqing, exemplify this model by effectively merging resources across the value chain, emphasizing technological development, and enhancing the quality of tea production.

Figure 4.8 Production value of Shanghai tea in 2020-2023 (unit: 100 million Yuan)



Source:Luo(2023)

By focusing on scientific research, improved cultivation practices, and developing versatile sales channels, these enterprises have established a robust industrial chain model that integrates research, planting, technology, and sales. This holistic approach enhances the industry's resilience and adaptability, ensuring its continued growth and relevance in both domestic and international markets.

Overall, the analysis of tea production in Shanghai reveals a vibrant industry poised for further development. As consumer preferences evolve and the demand for quality tea



increases, the tea sector in Shanghai is well-positioned to leverage these trends and continue its trajectory of growth.

#### **4.2.3. Competitor analysis**

Shanghai is a significant hub for tea production in China, recognized for its favorable geographical positioning and climate, which are optimal for cultivating a variety of tea types. The region is home to numerous well-known tea varieties, and in recent years, the interconnectedness of tea farmers, enterprises, and supply and marketing cooperatives has propelled the industry forward. In Fengxian District, where the commitment to developing the tea industry aligns with national policy, more than 10 leading tea enterprises have emerged.

Despite the large number of tea enterprises in Shanghai, the overall scale remains relatively small, with many companies lacking a comprehensive presence across the entire value chain, from cultivation to processing and sales. This fragmentation has resulted in significant homogenization within the market, intensifying competition. C Tea Industry specializes in yellow bud tea from Huoshan, a product that contrasts the more established brands, such as Master Kong, which dominate the market with their mature beverage offerings.

Notable competitors in the Shanghai tea market include Small Pot Tea, Xi Tea, and other established brands, each possessing unique competitive advantages in size, product range, pricing, and marketing strategies. In this competitive landscape, brand recognition plays a pivotal role in consumer purchasing decisions. Consumers often gravitate towards familiar brands, associating them with higher quality and reliability. As such, C Tea Industry faces significant competition from well-established tea brands, which have fostered strong customer loyalty and brand equity in the market.

The tea industry in China faces intense competition within the dynamic beverage market, where coffee and functional drinks vie for consumer attention. Global brands like Nestlé and Starbucks have popularized coffee culture among younger demographics, often emphasizing health benefits to attract consumers who might otherwise choose tea. Meanwhile, the growing demand for zero-sugar and low-calorie beverages, as well as the rise of functional drinks offering wellness benefits, further challenges traditional tea products.

Milk tea shops add another layer of competition, leveraging health and lifestyle trends to draw customers away from conventional tea brands. Additionally, tea derivatives—infused with ingredients like chrysanthemums, roses, or Chinese herbal medicines—appeal to female and middle-aged consumers focused on beauty and health. This evolving landscape underscores the need for C Tea Industry to adapt to shifting preferences and cultural trends while navigating the pressures of a highly competitive market.

Table 4.2 Analysis of C Company competitors in Shanghai in 2023 (unit: RMB 100 million)

Competitor	Network Sales (RMB x 100 million)	Direct Sales (RMB x 100 million)
Shanghai C Tea Industry Co.	20.72	22.00
Shanghai Starbucks	29.32	25.00
Shanghai Supermarkets (within 10 km of C)	33.06	38.31
Shanghai Small Pot Tea Specialty Store	9.73	12.90
Shanghai Xi Tea Store	1.57	3.96

Source:Luo(2023)

Table 4.2 highlights the competitive landscape of tea and beverage enterprises in Shanghai in 2023, comparing the network and direct sales performance of key players. Network sales refer to revenue generated through online platforms such as e-commerce websites and apps, while direct sales involve revenue from physical stores or outlets. For instance, Shanghai C Tea Industry Co. achieved RMB 20.72 billion in network sales and RMB 22 billion in direct sales, indicating a balanced performance across both channels. However, competitors like Starbucks and local supermarkets dominate with higher figures, such as Starbucks make RMB 29.32 billion income in network sales and RMB 25 billion in direct sales, reflecting their widespread presence and strong brand recognition.

The tea industry in Shanghai operates within a highly competitive landscape marked by diverse enterprises, ranging from large, established brands to smaller, local producers. This diversity reflects Shanghai's rich tea culture and favorable market conditions but also creates significant challenges for companies trying to stand out. An analysis of key competitors in 2023 highlights distinct strategies and market dynamics that shape this vibrant yet crowded market. In contrast, smaller local enterprises often struggle to compete with these larger players. Despite loyal regional consumer bases, these companies face challenges like limited production capacity, weaker brand recognition, and a lack of resources for large-scale marketing. The prevalence of product homogenization across the market intensifies competition, as many brands offer similar types of tea, leading to fierce price wars and eroding profit margins.

To thrive in this competitive environment, tea enterprises must prioritize differentiation. Whether through superior product quality, innovative marketing approaches, or strategic consumer engagement, companies need to carve out unique value propositions. By leveraging insights into competitor strategies and aligning with consumer trends, tea brands can position themselves for sustainable growth and long-term success in the evolving Shanghai market.

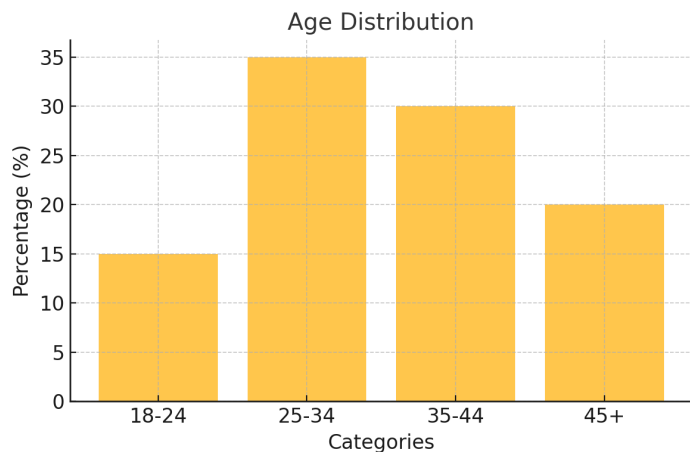
#### **4.2.4 Consumer analysis**

To evaluate the consumer market and preferences relevant to C Tea Industry, a comprehensive survey was conducted targeting general tea consumers in the Shanghai region, rather than exclusively focusing on the company's existing customers. The survey aimed to gain insights into broader consumer behaviors and preferences, providing a foundation for C Tea Industry to align its strategies with market trends. Designed with two key modules, the survey gathered demographic information and tea consumption habits. Conducted from October 1, 2024, to October 31, 2024, it employed both online and offline methods to ensure a diverse and representative sample. Online responses were collected via the digital platform Questionnaire Star, reaching a wide range of tea enthusiasts, while offline responses were gathered from tea shops and consumer events frequented by tea consumers in general. Out of 150 distributed questionnaires, 138 were returned, with 10 deemed invalid. A total of 128

valid responses were analyzed, offering valuable insights into consumer preferences and behaviors.

Among the respondents, the age group 25-44 accounted for the majority, comprising 65% (83 respondents), followed by those aged 45 and above at 20% (26 respondents), and respondents under 25 at 15% (19 respondents). This indicates that the primary consumers of tea products in the region, including potential and existing customers of C Tea Industry, are within the working-age population, characterized by significant purchasing power.

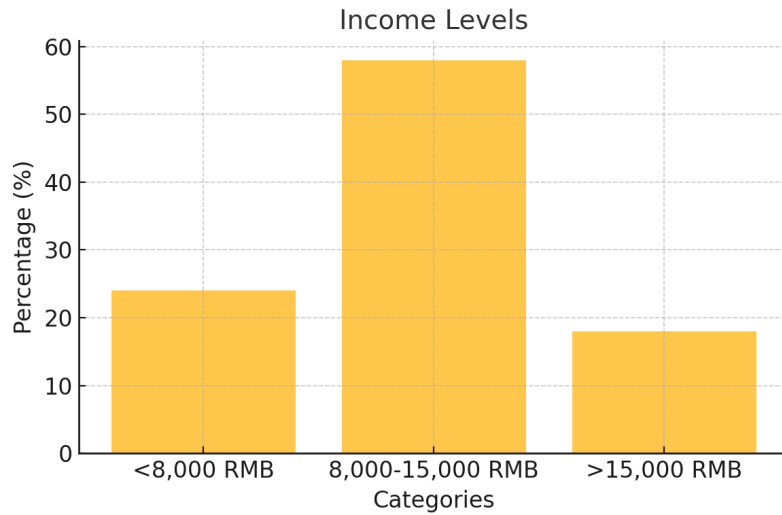
Figure 4.9 Age Distribution



Source: Author (2024)

Middle-income earners (RMB 8,000-15,000 per month) formed the largest group at 58% (74 respondents). Respondents earning less than RMB 8,000 accounted for 24% (31 respondents), while high-income earners (over RMB 15,000) made up 18% (23 respondents). This highlights that the middle-income segment represents a critical target market for C Tea Industry, though there is potential to explore premium offerings for high-income consumers.

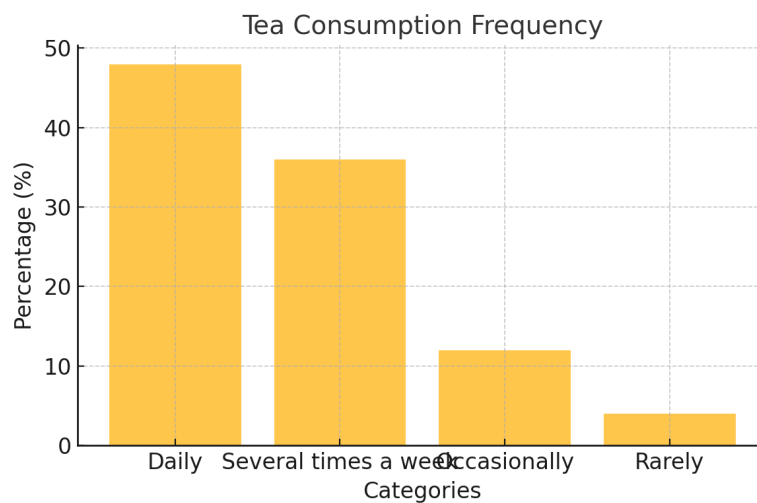
Figure 4.10 Income Levels



Source: Author (2024)

The survey revealed that tea consumption is a regular habit for most respondents. Nearly half (48%, 61 respondents) reported drinking tea daily, while 36% (46 respondents) consumed tea several times a week. A smaller proportion, 12% (15 respondents), consumed tea occasionally, and 4% (6 respondents) rarely drank tea. This underscores the consistent demand for tea products among frequent consumers.

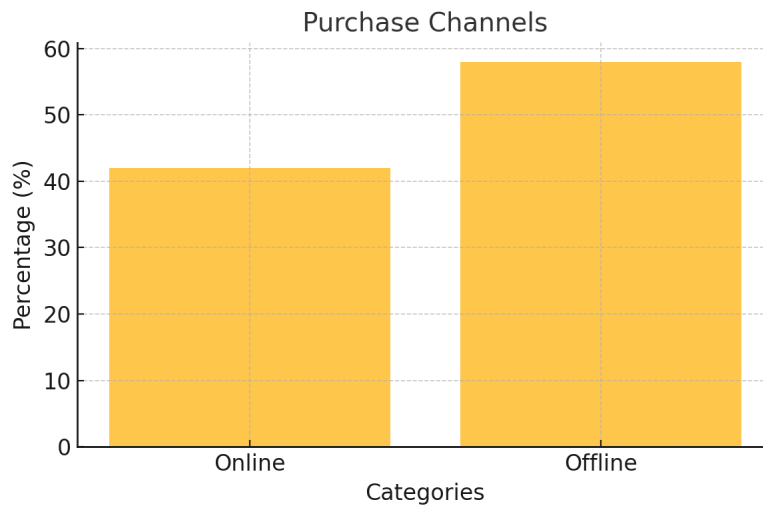
Figure 4.11 Tea Consumption Frequency



Source: Author (2024)

Offline channels, such as specialty tea shops and supermarkets, remained the preferred purchase method for 58% (74 respondents). However, 42% (54 respondents) favored online platforms, indicating the growing importance of e-commerce in the tea market. This dual-channel preference highlights the need for a balanced online and offline sales strategy.

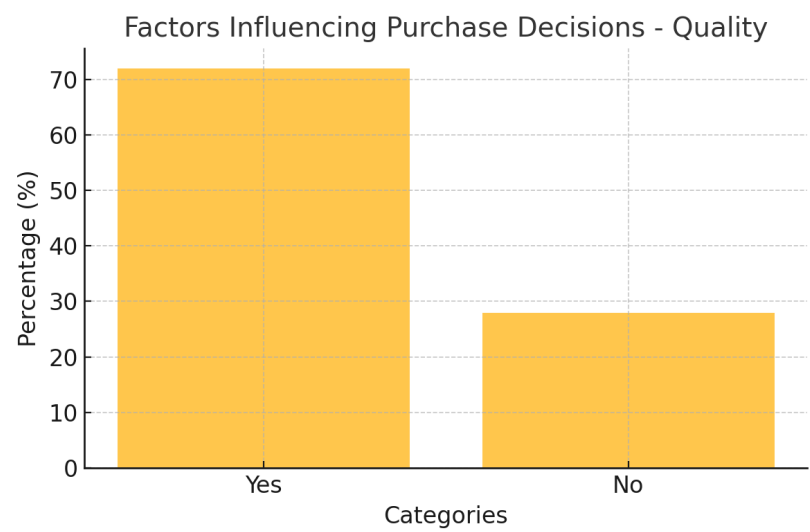
Figure 4.12 Purchase Channels



Source: Author (2024)

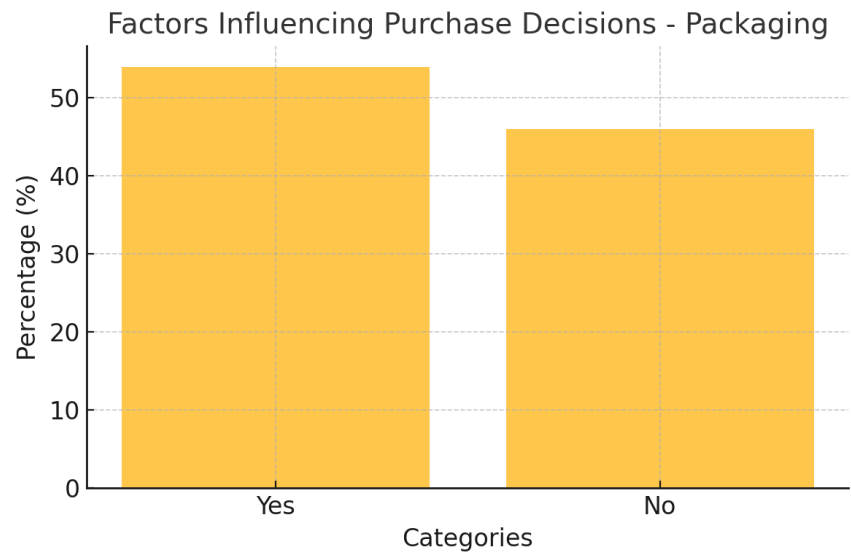
While the factors influencing purchase decisions, the key considerations include Product Quality, Packaging, Brand Reputation and Price Sensitivity. In Product Quality, the most critical factor, with 72% (92 respondents) citing it as their top priority when purchasing tea; in packaging, the survey shows over half (54%, 69 respondents) considered attractive and functional packaging important; as Brand Reputation, a significant 60% (77 respondents) emphasized the importance of brand reputation; as Price Sensitivity, there are approximately 44% (56 respondents) noted price as a key consideration, particularly among middle-income earners. These findings demonstrate the multi-faceted nature of consumer expectations, where quality and reputation dominate but packaging and pricing also play crucial roles.

Figure 4.13 Factors Influencing Purchase Decisions - Quality



Source: Author (2024)

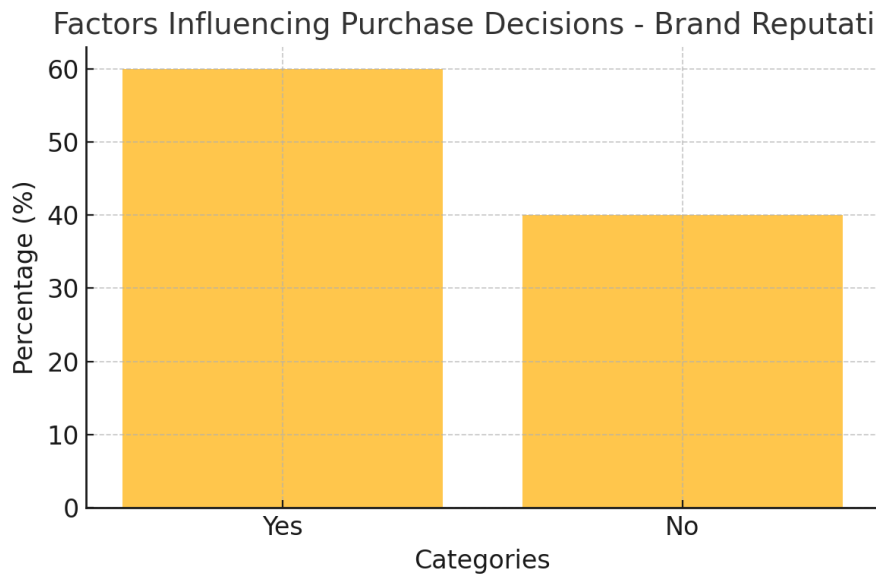
Figure 4.14 Factors Influencing Purchase Decisions - Packaging



Source: Author (2024)

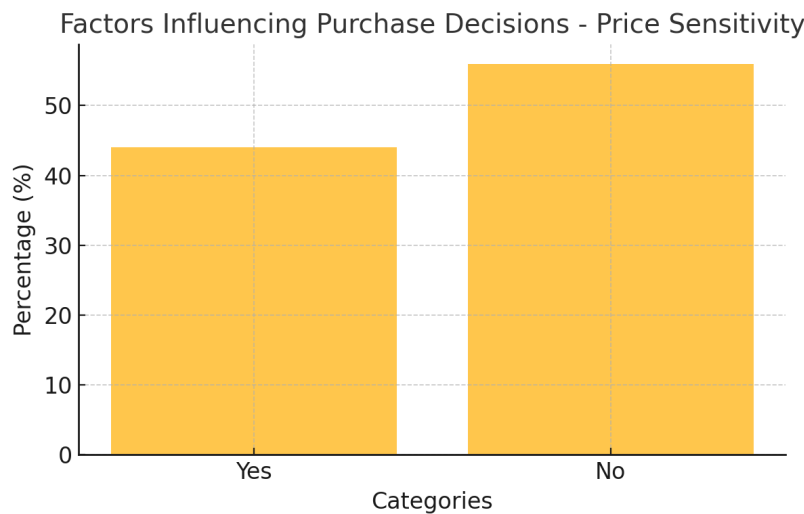


Figure 4.15 Factors Influencing Purchase Decisions - Brand Reputation



Source: Author (2024)

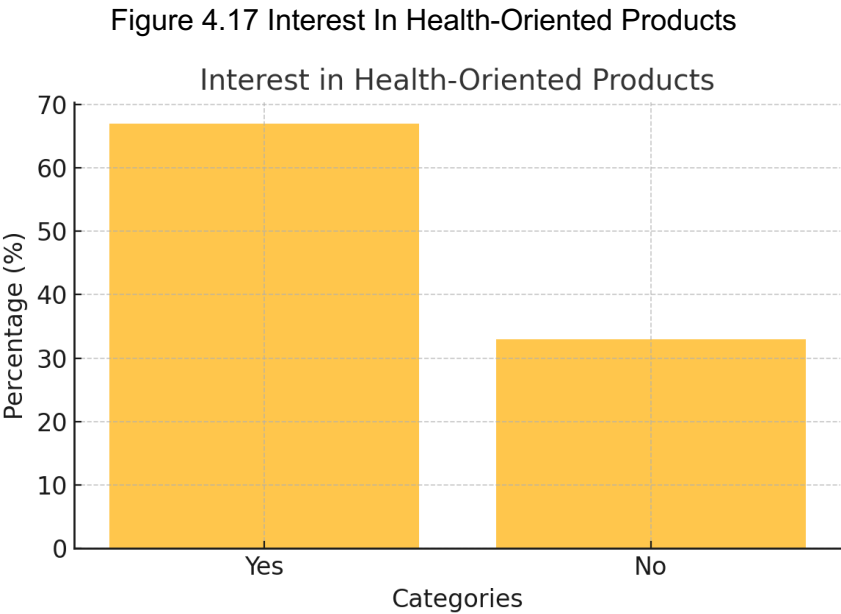
Figure 4.16 Factors Influencing Purchase Decisions - Price Sensitivity



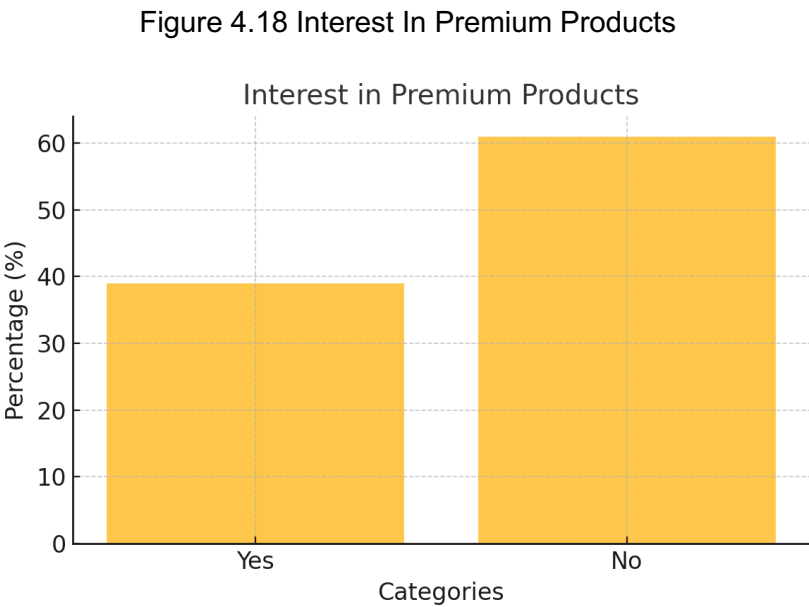
Source: Author (2024)

As for emerging consumer trends, the survey shows that a strong interest in health-focused tea products was evident, with 67% (86 respondents) expressing a preference for teas infused with herbal or floral ingredients. This trend aligns with the increasing consumer demand for wellness products. While about 39% (50 respondents) showed a willingness to pay higher

prices for premium, exclusive tea products. This indicates potential for C Tea Industry to develop and market high-end offerings targeting affluent and quality-conscious consumers.



Source: Author (2024)



Source: Author (2024)

The survey findings offer a comprehensive understanding of tea consumer preferences and behaviors in the Shanghai region, revealing critical insights into the target market for C

Tea Industry. The demographic analysis highlights that the majority of respondents fall within the 25-44 age bracket, a group characterized by active purchasing power and diverse consumption habits. Middle-income earners dominate this segment, representing a vital market for accessible yet high-quality tea products, while a smaller high-income group exhibits potential for premium product offerings.

Consumer habits indicate that tea consumption is deeply integrated into the daily lives of most respondents, with nearly half drinking tea daily and an additional 36% several times a week. This demonstrates the steady demand for tea and underscores the importance of maintaining consistent product availability. While offline channels like specialty tea shops and supermarkets are the most popular purchasing avenues, the rising preference for online platforms signals the need for a robust e-commerce presence to cater to this growing demand.

Key factors influencing purchase decisions include product quality, which was overwhelmingly cited as the most important consideration, followed by brand reputation and packaging. These preferences underline the necessity of maintaining high product standards while investing in branding and functional yet attractive packaging to meet consumer expectations. Price sensitivity remains a concern for middle-income consumers, suggesting that pricing strategies must strike a balance between affordability and perceived value.

Emerging trends point to a heightened interest in health-focused tea products, with a significant proportion of respondents favoring herbal or floral-infused options. This aligns with broader consumer trends toward wellness and offers opportunities for product innovation. Additionally, the willingness of a notable segment of consumers to pay a premium for exclusive and high-quality products highlights the potential for C Tea Industry to capture market share in the high-end tea segment.

Overall, all the data underscores the importance of targeting the primary age and income groups, improving the balance between online and offline sales channels, and emphasizing quality, branding, and health-oriented innovation to secure a competitive advantage.

#### **4.2.5. Porter five-force analysis**

##### **4.2.5.1 Rivalry Among Existing Competitors**

The competitive landscape within the tea industry in Shanghai is characterized by a multitude of enterprises, resulting in a dynamic and often challenging environment. The sheer number of tea companies, estimated to be in the tens of thousands, signifies both a rich potential for development and a significant competitive threat. The growing number of competitors not only highlights the robust demand for tea in this region but also intensifies the competition as each company strives to capture market share.

On one hand, the increase in the number of enterprises reflects the immense opportunities within the macro environment that encourage investment and innovation. However, this rapid growth has led to increased homogenization of products, making it difficult for any single brand to stand out. Most competitors focus on similar types of tea, such as green tea and black tea, leading to a scenario where product differentiation becomes essential for success.

In this competitive landscape, well-established brands such as Small Pot Tea and Xi Tea dominate market dynamics by employing strong branding strategies and extensive marketing efforts. These companies invest significantly in building brand loyalty, ensuring product quality, and creating distinctive consumer experiences. Their focus on premium offerings allows them to maintain a competitive edge in a market that is increasingly driven by consumer preferences for quality and authenticity.

The challenges posed by these competitors are compounded by the fact that many tea consumers prioritize brand recognition and quality reputation when making purchasing decisions. The tendency of consumers to gravitate toward familiar brands implies that newer or lesser-known companies, including those focusing on niche segments like yellow bud tea, may struggle to gain market traction. This brand loyalty can make it difficult for smaller or independent tea enterprises to compete unless they develop unique value propositions and effectively communicate their brand stories.

Additionally, the competitive positioning of these companies is influenced by external market conditions, such as changing consumer preferences towards health-oriented products. The entrance of alternative beverages, like ready-to-drink teas and coffee, poses added competition as consumers explore different options that might offer similar beverages with additional perceived health benefits. This trend underscores the need for tea companies to not

only sustain their current market presence but also adapt and innovate to meet evolving consumer expectations.

Overall, the existing competitors in the Shanghai tea market present both robust challenges and opportunities. The intricate balance between maintaining product quality, developing strong brand identities, and innovating in response to market shifts will define the competitive strategies of tea enterprises. To succeed, companies must remain vigilant in their market analyses and be proactive in refining their approach to effectively navigate the competitive landscape while fostering long-term growth.

#### **4.2.5.2 Threat of New Entrants**

The threat of new entrants in the tea industry is notably high, fueled by low barriers to entry and the sector's robust growth potential. This makes the tea market an attractive opportunity for entrepreneurs and small-scale investors, further intensifying competition.

One significant factor contributing to this threat is the homogeneous nature of tea products. Many consumers struggle to discern subtle differences in quality, taste, or aroma among competing brands, which allows new entrants to establish themselves without needing extensive product innovation. This enables newcomers to focus on competitive pricing or basic offerings rather than unique value propositions, lowering the barrier to entry.

Moreover, consumer purchasing behavior in the tea industry often prioritizes price, convenience, and product familiarity over brand loyalty. This dynamic favors new entrants who can attract customers by offering competitively priced products, particularly in the non-premium segments of the market. Such conditions make it challenging for established brands to retain loyal customers and protect their market share.

The capital requirements for entering the tea industry are also relatively modest. Starting a tea business does not demand significant financial resources, encouraging small-scale producers and boutique brands to enter the market. Many of these new players target niche markets, such as organic, artisanal, or wellness-focused teas, capitalizing on evolving consumer preferences and carving out unique positions within the industry.

Additionally, the rise of digital marketing and e-commerce platforms has made it easier for new entrants to reach broader audiences without the need for extensive distribution networks. Social media, influencer marketing, and online sales channels provide low-cost alternatives to traditional advertising and retail, enabling new brands to build visibility and compete effectively against established players. However, this digital accessibility also leads to market saturation, making differentiation crucial for sustained success.

Despite these opportunities, new entrants face challenges such as competing against the brand recognition, distribution networks, and customer loyalty of established players. To overcome these hurdles, newcomers must conduct thorough market research, understand regional and demographic trends, and craft targeted marketing strategies to attract specific consumer segments.

For established tea companies, countering the threat of new entrants requires a proactive approach. This includes product differentiation, such as introducing unique flavors, premium quality, or sustainable sourcing practices. Leveraging technological advancements, enhancing customer engagement, and promoting ethical and sustainable values can also help established brands maintain relevance and loyalty in a competitive landscape.

In summary, the tea industry's low entry barriers and growing market appeal make the threat of new entrants substantial. To remain competitive, established players must innovate continuously, strengthen their value propositions, and adapt to changing consumer preferences while addressing the challenges posed by an influx of competitors.

#### **4.2.5.3 Threat of Substitutes**

The tea industry faces significant competition not only from within its ranks but also from a variety of alternative beverages that pose a direct threat to market share. As consumer preferences evolve, the availability of substitutes for tea has become increasingly relevant, impacting sales and marketing strategies for tea enterprises.

Among the primary substitutes for tea are carbonated beverages, such as cola and Sprite. These drinks appeal to consumers, particularly younger demographics, due to their refreshing qualities and convenience. The effervescence of carbonated drinks provides a sensory

experience—bubbles create a visual impact and stimulate taste buds, making them an attractive option for those seeking a quick, invigorating refreshment. Research indicates that there is a growing trend of excessive consumption and rational addiction to carbonated drinks among young people, showcasing their popularity and prompting tea companies to reconsider their market strategies to retain this demographic.

Another significant substitute is fruit and vegetable juice drinks. With a rising focus on health and wellness, these beverages are increasingly favored by consumers seeking nutritious alternatives. Juices derived from fruits and vegetables not only offer health benefits but also present diverse flavor profiles that appeal to a broad audience. As consumers become more health-conscious, the market share for these juices continues to expand, challenging traditional tea consumption.

Additionally, energy drinks have gained traction in recent years, especially among younger consumers experiencing high levels of stress and irregular work schedules. These drinks provide quick boosts of energy and are advertised for their revitalizing effects, further encroaching on tea's traditional consumer base. With a growing number of young people incorporating energy drinks into their daily routines, tea enterprises face increased competition for market share.

Dairy-based drinks, including flavored milk and milk teas, also provide notable competition. Their ability to combine various flavors—such as fruit, chocolate, and coffee—along with a level of richness and creaminess attracts many consumers, particularly children and young adults. These beverages bring health benefits associated with dairy, making them attractive options in the competitive beverage landscape.

In addition to these alternatives, the market includes a plethora of herbal and health teas, which cater to consumers looking for specific health benefits. With the rise of functional beverages—those marketed for their purported health advantages—consumers are increasingly drawn to tea derivatives infused with ingredients like chrysanthemums, roses, and various traditional Chinese herbs. This trend not only appeals to health-conscious consumers but also diverts attention from traditional tea offerings, necessitating innovation from tea enterprises to retain their customer base.

Overall, the presence of numerous substitutes in the beverage market poses a substantial threat to the tea industry. As consumers explore various drink options, tea companies must adapt their marketing strategies to emphasize the unique qualities and benefits of tea. Marketing efforts should focus on highlighting the health benefits, cultural richness, and premium quality of tea products to counteract the competitive pressures posed by alternative beverages. Furthermore, continual innovation in product offerings and diversification within the tea segment will be critical for maintaining relevance in an ever-evolving market. By recognizing and responding to the rise of substitutes, tea enterprises can better position themselves and secure a strategic foothold in the competitive landscape.

#### **4.2.5.4 Bargaining Power of Suppliers**

The bargaining power of suppliers is a critical factor that influences the cost structure and profitability of tea enterprises. In the tea industry, suppliers primarily consist of tea farmers, tea farms, and specialized organizations that provide fresh tea leaves. The characteristics of these suppliers directly impact the dynamics of the marketplace and the strategic decisions of tea companies.

In China, the concentration of tea suppliers is relatively low. The majority of tea farmers and tea farms operate on a small scale, leading to a fragmented supplier landscape. This fragmentation diminishes the bargaining power of individual suppliers since tea companies can source their fresh tea leaves from a wide range of farmers across different regions. Consequently, this allows tea enterprises to negotiate favorable terms and maintain competitive pricing, as they are not reliant on a single supplier or group of suppliers.

However, the quality of fresh tea leaves remains a vital concern for tea companies. High-quality leaves are essential for maintaining product standards and meeting consumer expectations. Although tea producers can choose from numerous suppliers, the challenge lies in ensuring a consistent supply of top-quality raw materials. This scenario creates a situation where suppliers who can guarantee superior quality may exert more influence. Thus, while the overall bargaining power of suppliers is generally weak, those suppliers who can provide high-quality tea leaves hold a more favorable negotiating position.



Furthermore, the evolving emphasis on sustainability and organic farming practices in the tea industry has also begun to shift supplier dynamics. As consumers become more health-conscious and demand higher-quality products, tea companies are more inclined to partner with suppliers who adhere to sustainable farming practices and quality standards. This growing preference can lead to a reduction in the number of suppliers willing or capable of meeting these demands, potentially increasing the bargaining power of higher-quality suppliers in the long run.

Ultimately, the bargaining power of suppliers in the tea industry outlines a complex interplay between quantity, quality, and sustainability. While tea companies in China generally face a weak supplier landscape, the impact of high-quality suppliers and evolving consumer demands necessitates a strategic approach to supplier relationships. By fostering effective partnerships and focusing on sustainability, tea enterprises can enhance their market position while delivering high-quality products that meet consumer expectations. This proactive approach will allow companies to navigate the intricacies of the supplier dynamics effectively and secure a competitive advantage within the industry.

#### **4.2.5.5 Bargaining Power of Buyers**

In order to obtain more benefits, consumers pursue higher cost performance when buying the intended products, which will lower the product prices or seek higher quality products and high-quality services, so as to affect the profits of tea enterprises. If the enterprise wants to complete the transaction, it can either choose to reduce the product price, or provide better products or better service, no matter which way will reduce the profit space of the enterprise. The factors affecting consumers bargaining power include the amount of tea purchased, the number of tea brands, and the uniqueness of tea products. When consumers buy tea, they are generally used to drink tea or return tea as gifts, and will not buy a large number of tea. From the perspective of purchase volume, the bargaining power of consumers is weak. At present, there are many domestic tea brands, most of which are processed and produced by tea enterprises with little difference in scale. The same type of tea cannot be distinguished by most consumers in the

taste, color and smell of products. Product homogeneity is serious, the uniqueness is not strong, and there are many brands for consumers to choose.

On the whole, the bargaining power of tea consumers is weak, but this does not mean that tea companies can have enough customers to improve their marketing strategies. C Tea Industry Co., Ltd. should improve the market segmentation, aim at the target group, select the suitable price and quality of tea, and supply high, middle and low-end consumers respectively, in order to obtain the maximum profit.

### **4.3. Internal situation analysis**

The analysis of internal factors is crucial for understanding the strengths and weaknesses of tea enterprises within Shanghai's competitive landscape. In this context, we will explore the key characteristics and operational advantages of C Tea Industry Co., Ltd.

#### **4.3.1. Company characteristics**

C Tea Industry Co., Ltd. is a dynamic and innovative enterprise situated in Fengxian District, Shanghai. Founded in 2013, the company specializes in various aspects of the tea business, encompassing tea planting, processing, research and development, and sales. Over the past few years, C Tea Industry has rapidly evolved from a small operation into one of the leading tea enterprises in the region. This impressive growth trajectory is highlighted by the numerous accolades the company has received since 2017, including recognition as an excellent new enterprise in Fengxian District and designation as a provincial key leading enterprise in agricultural industrialization.

The operational footprint of C Tea Industry is substantial, covering an area of 12,000 square meters, with a dedicated production workshop of over 3,000 square meters. A significant advantage of the company lies in its extensive 13,500 mu (approximately 2,225 acres) tea plantation, which includes 5,000 mu (approximately 825 acres) of European standard tea gardens. This large-scale cultivation capacity allows for the sustained production

of high-quality tea leaves, ensuring that the company can meet both domestic demand and export opportunities.

Quality is a cornerstone of C Tea Industry's business philosophy. The company employs advanced processing techniques and state-of-the-art equipment to ensure that its tea products adhere to high standards of excellence. Fresh tea leaves are carefully harvested, utilizing modern technologies to maximize flavor retention and health benefits. The focus on quality is complemented by a strong commitment to sustainability and environmental stewardship, with practices in place to minimize ecological impact and promote responsible cultivation.

C Tea Industry aims to build a strong brand identity within the competitive tea market by emphasizing its unique position as a local producer committed to quality and innovation. The company's mission is to provide consumers with exceptional tea products that reflect the rich cultural heritage of tea drinking while promoting health and wellness through its offerings. This mission is aligned with its vision to become a renowned name in the tea industry, recognized for premium products and dedication to customer satisfaction.

As a company that recognizes the importance of adaptability in a changing market, C Tea Industry Co., Ltd. actively seeks opportunities for growth and development. Whether through the introduction of new product lines, strategic partnerships, or enhancements in customer service, the company remains focused on meeting the evolving preferences of consumers. This proactive approach positions C Tea Industry favorably to navigate the complexities of the tea market and capitalize on emerging trends within the industry. As it continues to expand, the company's emphasis on quality, sustainability, and consumer engagement will remain essential to its long-term success.

Table 4.3 C Development history of Tea Company

particular year	development history
2011	In the brand value evaluation of Chinese tea enterprises, the brand value of "Chunjiang Flower" is 59.7 million yuan, and the brand value of "rhubarb tea" is 88 million yuan.
2012	Rhubarb tea has won the famous trademark of Shanghai Province. Rhubarb tea is available in high-end German department store chains.
2013	Mr.Mou Chunlin refined the Shanghai plateau black tea ruby with one bud, two and three leaves. Rhubarb tea is exported to the United States for Chinese tea products of "Chawana" tea bars; in 89 supermarkets owned by Vanguard stores in Hong Kong.
2015	Rhubarb tea was elected as the ecological origin protection product of the Peoples Republic of China.
2018	Rhubarb tea won the DLC gold medal of the German Agricultural Association, "the Oscar of tea industry".
2019	The company won the most influential enterprise in Shanghai tea industry and was selected as one of the top 50 brands in Chinese tea industry. The new leading product, standard matcha, proved the companys development ability.
2023	The company was awarded the honorary title of "2018 Model of Chinese Wine and Tea Integration". Tongren, its matcha production base, has won the reputation of "Matcha Capital of China", "Matcha Tea Culture Research Center of China International Tea Culture Research Association" and "China High-quality matcha Base".

Source:Luo (2023)

#### 4.3.2. Mission, Vision, and values

The mission, vision, and values of C Tea Industry Co., Ltd. serve as the guiding principles that shape the company's strategic direction and operational practices. The mission of C Tea

Industry is to provide consumers with exceptional tea products that celebrate the rich cultural heritage of tea drinking while contributing to the health and well-being of its customers. The company strives to uphold the highest standards of quality and innovation in all facets of tea production, ensuring that every cup delivers authenticity and rich flavor. By focusing on customer satisfaction and product excellence, C Tea Industry aims to be a trusted name in the tea market, recognized not only for the quality of its products but also for the enriching experiences it offers.

The vision of C Tea Industry Co., Ltd. is to become a leading player in the global tea market, fostering a sustainable tea culture that blends tradition with modernity. The company envisions a future in which it plays a pivotal role in promoting the health benefits of tea while engaging consumers through innovative product offerings and educational initiatives. By expanding its market presence and enhancing brand recognition, C Tea Industry seeks to elevate tea consumption, making high-quality tea accessible and appealing to a diverse audience.

Embedded within the fabric of the company are its core values, which underscore its commitment to excellence, sustainability, innovation, community engagement, and customer focus. Quality is of utmost importance, as the company prioritizes high standards in tea production, ensuring that its offerings consistently reflect excellence. In terms of sustainability, C Tea Industry is devoted to implementing environmentally responsible practices throughout its operations, which includes sustainable farming methods and promoting eco-friendly packaging to minimize its ecological impact. The company embraces innovation by continually seeking modern techniques and ideas to enhance product development, processing technologies, and marketing strategies, allowing it to remain competitive in a dynamic market.

The company's commitment to community engagement further reflects its values, as it prioritizes support for local farmers and seeks to enhance the livelihoods of those involved in the tea supply chain, aligning this with its corporate social responsibility objectives. Customer focus remains a fundamental principle, with C Tea Industry recognizing the need to understand and respond to consumer preferences consistently. This commitment ensures that the company's products resonate with market trends and health-conscious consumers.

Through its mission, vision, and values, C Tea Industry Co., Ltd. aspires to cultivate a successful business that also promotes community appreciation for the art and cultural

significance of tea. These guiding principles will support the company as it navigates market complexities and strives for long-term success while making a positive impact on society.

#### **4.4.SWOT-Analysis**

##### **4.4.1 Strengths**

1. High-Quality Tea Production: The ecological conditions of high altitude and low latitude, coupled with good forest vegetation and pollution-free terrain, result in exceptional tea quality, rich in amino acids and polyphenols.

1. Brand Recognition: The company has earned multiple honors, including titles such as National Farmers Cooperative Demonstration Company and Municipal E-commerce Demonstration Enterprise, establishing a solid brand presence within the market.

3. Consumer Satisfaction: Over 95% of consumers express satisfaction with the company's tea products from 2020 to 2023, reflecting a strong reputation and indication of quality.

4. Sustainability Commitment: The company's focus on environmentally responsible practices and advanced processing technologies aligns with consumer preferences for health-conscious and sustainable products.

##### **4.4.2 Weaknesses**

1. Fragmented Supplier Networks: The reliance on a diverse network of small-scale suppliers may lead to inconsistencies in the quality of raw materials, impacting overall product standards.

2. Limited International Presence: While recognized locally, C Tea Industry lacks strong international brand recognition, which could hinder its ability to compete effectively in global markets.

3. Limited Product Portfolio: C Tea Industry has a narrow focus on yellow tea and black tea, with only 17 product offerings, constraining its ability to meet diverse consumer needs.

4. Narrow Distribution Channels: The company primarily relies on traditional wholesale markets and has limited retail presence with only two stores, restricting market growth and reducing consumer access.

#### **4.4.3 Opportunities**

1. Excellent Ecological Environment: The company benefits from 6,000 mu of high-quality tea gardens situated in Fengxian District, which features a favorable climate and a 76% forest coverage rate, ideal for organic tea cultivation.

2. Rich Cultural Heritage: The region's strong Miao and Dong ethnic cultures enhance the attractiveness of its tea products, contributing to a unique brand narrative that resonates with consumers.

3. Expanding Tea Consumption Market: China's economic progress and rising income levels have increased disposable incomes, leading to a growing focus on health, thus expanding the market for tea products among health-conscious consumers.

4. Increase in Per Capita Tea Expenditure: The per capita expenditure on tea products in China increased by 25.76% in 2020, suggesting an expanding market and the potential for higher revenues from more premium tea offerings.

5. Growing Tea Consumer Base: With 345 million people preferring to brew tea regularly, the market for tea is substantial, indicating room for growth in both the volume and value of tea consumption.

6. Rapid Industry Development: The domestic tea market saw sales reach 273.95 billion yuan in 2019, and growth in online tea sales highlights emerging opportunities, especially among younger, tech-savvy consumers.

7. Digital Marketing Expansion: The substantial growth in tea transaction volume on online platforms such as Taobao has helped the company to increase brand awareness and customer engagement through marketing on e-commerce platforms and social media.

8. Governmental Supportive Policies: Proactive government initiatives aimed at agricultural growth and sustainability provide a conducive environment for the tea industry to thrive, enabling potential access to grants and subsidies.

#### **4.4.4 Threats**

1. Substitutes and Alternative Beverages: The growing popularity of energy drinks, juices, and coffee may divert consumer attention away from traditional tea, challenging C Tea Industry to innovate and stay relevant.

2. Intense Competition in the Tea Industry: The tea market is fragmented with numerous small enterprises, leading to homogeneous products and a lack of differentiation, making it difficult for mid-sized companies to establish a unique market presence.

3. Consumer Price Sensitivity: The trend of consumers gravitating towards lower-priced alternatives could affect sales of premium tea products, putting pressure on profit margins.

4. Climate Change Risks: Unpredictable weather patterns and climate-related disruptions could negatively impact tea cultivation, affecting yield and quality across the supply chain.

5. Regulatory Barriers: Increasing trade regulations and compliance requirements in international markets could create hurdles for expansion, limiting export opportunities for C Tea Industry.

5. Intense Domestic Competition: The crowded market with numerous tea brands leads to price competition and can erode profit margins, making it challenging for newer entrants to thrive.

#### **4.5. Marketing plan objectives**

The marketing plan for C Tea Company is structured to align with the company's goals for the year 2025. The objectives are designed to support the company's growth and operational priorities over the next year.

1. Increase Annual Revenue: The goal is to achieve an annual growth rate of 15% in sales from both offline and online channels, reflecting a strong trajectory for tea product sales.

2. Enhance Brand Visibility: The objective is to strengthen brand recognition through increased exposure across a range of media platforms, including TV, microblogs, and online outlets.



3. Expand Customer Demographics: C Tea aims to attract a younger audience, particularly consumers under 40, by increasing engagement with this demographic segment.

These objectives set the foundation for C Tea Company's strategic direction, guiding its efforts to achieve sustainable growth and competitive advantage throughout 2025.

#### **4.6. Segmentation, Targeting, and Positioning**

For C Tea Industry Co., Ltd., the strategic approach to market segmentation, targeting, and positioning is critical in enabling the company to navigate the competitive landscape and effectively capture market opportunities. By leveraging insights from comprehensive market research, the company can improve its resources to focus on the most promising customer segments.

##### **1. Segmentation**

Conducting a comprehensive market segmentation analysis is essential for defining and reaching the most promising opportunities within C Tea Industry's diverse consumer base. Geographically, the Chinese market is vast and varied, with urban centers such as Shanghai, Beijing, and Shenzhen standing out due to their high per capita incomes and large, diverse populations. These metropolitan areas offer significant potential, as consumers here often exhibit preferences for a wide array of products, supported by their substantial purchasing power. In these cities, focusing on affluent neighborhoods and districts known for progressive consumer behaviors can provide a fertile ground for premium tea offerings.

In contrast, secondary markets in rural areas also hold considerable value, particularly for high-quality yet affordable teas. These regions often maintain a strong demand for tea due to traditional consumption habits and local preferences. By understanding these regional dynamics, C Tea Industry can tailor its product offerings to align with local cultural and taste profiles, enhancing product acceptance and market penetration. Building relationships with local distributors and leveraging regional marketing campaigns can further solidify the company's presence in these areas.

From a demographic perspective, there is a clear shift towards health-conscious and sustainability-minded consumers, particularly among millennials. This cohort, comprising individuals aged 25-40, increasingly values authentic and ethically produced goods, presenting an ideal target for C Tea Industry's organic and eco-friendly product lines. By emphasizing the health benefits and cultural heritage of tea, the company can effectively engage this demographic, who are likely to appreciate these qualities and show loyalty to brands that reflect their values.

Additionally, targeting older, affluent customers who already exhibit a predisposition for premium teas aligns well with C Tea Industry's strengths. These consumers are not only more likely to have the financial capacity to invest in high-quality teas but also possess an appreciation for the rich traditions and flavors associated with fine tea. By offering exclusive products appealing to this demographic, C Tea Industry can capitalize on existing brand equity while exploring new avenues for growth.

## 2. Targeting

Upon thorough evaluation of potential market segments, C Tea Industry should focus on metropolitan areas within high-income provinces as its primary target market. These regions, characterized by elevated economic activity and sophisticated consumer bases, are home to individuals over 40 who typically possess higher education levels. This demographic not only has the financial capability to invest in premium tea products but also tends to appreciate the cultural and historical significance that tea embodies, making them ideal candidates for high-end offerings.

Within these metropolitan markets, consumers demonstrate a strong preference for quality and exclusivity, which aligns perfectly with C Tea Industry's premium product lines. These consumers are discerning and often look for teas that offer more than just flavor—they seek an experience that connects them to the rich heritage and diverse traditions associated with tea drinking. As this group regularly participates in cultural activities and values experiences that reflect their refined tastes, marketing initiatives should highlight tea's nuanced stories and artisanal qualities, appealing to their intellectual curiosity and cultural appreciation.

Additionally, targeting the gift tea market presents a strategic opportunity, particularly in capitalizing on deeply ingrained cultural practices. In many high-income metropolitan areas,

giving tea as a gift is a respected tradition during peak seasons such as festivals and corporate events. This period is especially lucrative, as consumers are more inclined to purchase premium teas as expressions of respect and goodwill. By positioning itself as a purveyor of luxury teas, C Tea Industry can tap into this market by offering exclusive, elegantly packaged gift sets that resonate with both givers and recipients.

This strategic targeting approach not only maximizes the existing demand for premium products but also builds strong associations with cultural practices, encouraging brand loyalty and repeated patronage. By aligning its targeting efforts with consumer aspirations and cultural values, C Tea Industry can effectively capture a significant share of the high-value tea market, ensuring its products remain top of mind and preferred among discerning customers.

### 3. Positioning

C Tea Industry is positioned as a premium tea brand that emphasizes purity, sustainability, and modern appeal. The brand differentiates itself by promoting the natural origins and health benefits of its organic cultivation methods. It highlights the superior taste and wellness advantages of its teas, with a focus on ecological benefits from sustainably managed tea gardens and the artisanal craftsmanship in the production process. C Tea Industry connects with health-conscious individuals and culturally appreciative consumers through its focus on well-being and authentic, clean products. The company aims to establish itself as a leader in the tea market, resonating with both traditional tea enthusiasts and a younger, trend-aware demographic.

## 4.7. Marketing Mix

### 4.7.1. Product

In terms of product types, there are mainly scented tea, tea bags, loose tea, broken tea, etc., which are mainly divided according to different types of tea years, batches, processing technology and tastes, focusing on green tea sales.

On the packaging top is divided into ordinary packaging, luxury packaging and export packaging. Ordinary packaging is mainly low-end ration tea, low-end sales route, mainly through plastic and paper bags packaging; luxury packaging is mainly high-end sales route,

mainly through exquisite metal packaging and sold with tea sets; export packaging is mainly for export countries.

In terms of materials and raw materials, they all come from the high mountains, dense forests and clouds and their own European standard tea garden base, which fully guarantee the quality of tea.

In terms of brand construction, the company has successfully registered its own trademark, and its own brands include Qishan Jinjian, Qishan Haoyun, Qishan Maofeng, Qishan Feixue, Qishan Jinhao, Qishan Cuiya, Qishan Chunyu.

In connection with the foreign market demand, the company has developed a unique processing technology and splicing method, mainly reflected in the cargo number of eyebrow tea. The products of C Tea Industry Co., Ltd. are diverse in product types, and different packaging methods are adopted for different consumer groups. The quality of product raw materials can be fully guaranteed, but there are problems such as few independent brands and weak brand awareness.

The image of product brand is reflected in product packaging, product name, positioning and added value, etc. It is an important factor affecting consumers cognition and evaluation of the company and the product, and determines the future development of the company to a certain extent. According to the current situation of C Tea Industry Co., LTD., the following points should be started in the shaping of product brand image.

First of all, the establishment of brand image needs a long time to strive for it. At present, due to the low brand influence, the fastest way to open the product popularity is to adopt the regional public brand drive mode and drive itself with the help of well-known tea brands. As a provincial public brand in Shanghai, "Tianfu Longya" has high requirements and special quality control technical specifications in material selection and processing methods. Its influence is beyond doubt in Sichuan, and it is gradually effectively and orderly opening the market outside Sichuan and expanding to the whole country. Products marked with the "Tianfu Dragon Bud" logo in the hearts of consumers are synonymous with good quality, high quality pronoun. The company has recently obtained the qualification to use the "Tianfu Dragon Bud" geographical indications, In accordance with the relevant provisions of the Administrative Measures for the Use of Tianfu Longya Geographical Indication Products, The Company should update its

product packaging as soon as possible, Print the name of Tianfu Dragon bud and the public logo in the middle and top of the required tea product packaging, Immediately by the company product name or company name, To promote the establishment of brand image with the influence of regional brands, When the company and its products occupy a certain place in the minds of consumers, Reduce the proportion of "Tianfu Longya geographical identification" or print it into an anti-counterfeiting special mark and paste it on the package, Highlight the companys product information, Further sing their own brand.

Secondly, in the production and processing of products, C Tea Industry Co., Ltd. should focus on famous and excellent tea, take healthy green tea as the positioning, actively expand the high-end market, and steadily maintain the middle and low-end market. The product concept, values and product quality of tea enterprises are largely reflected in their high-end products, and the consumption of high-end products will bring customers a certain sense of pride and satisfaction. Famous tea can fully grasp the rational interests and emotional interests of customers, so as to leave a deep impression on customers, and then cultivate customer loyalty. If the company continues to produce at the middle and low end of the market

Products, will face a huge threat of homogeneous competitors, the current consumer liquidity is also very large, will not be conducive to the establishment of the product brand. In addition, people who have higher consumption power in the tea industry and are willing to spend more on tea are concentrated in those with higher cultural level and higher income. These people have more strict requirements on the quality of tea, and they are also the market where tea enterprises make the largest profit. Therefore, C tea industry Co., Ltd. should focus on the development of famous tea.

Finally, with the development of the society and the recovery and excavation of cultural confidence, the addition of tea culture elements to the packaging and concept of tea products can greatly enhance the added value of the products and meet the emotional needs of consumers. This packaging method and positioning can enhance the product connotation, improve product quality, reduce production costs at the same time, easy to arouse the resonance of consumers, increase the recognition of the product. Therefore, C Tea Industry Co., Ltd. can use wood material packaging on the packaging of its products, which is printed with Bashu ancient Chinese characters or short concise text description, wrapped tea boxes

with yellow or red silk, the products with exquisite small cards to indicate the cultural origin of the tea. Add the product as a cultural value in various ways.

In today's society, consumer demand is increasingly diversified, and a single product or category can no longer satisfy the market's needs. Consumers are constantly seeking new and unique products. Therefore, C Tea Industry Co., Ltd. should focus on expanding its product offerings and exploring new flavors. Currently, the company's product range is limited, primarily consisting of eyebrow tea, Qishan tea, and a small selection of CTC black tea and red broken tea. With only 9 utility model patents and 2 invention patents, the company faces limitations in terms of product diversity and flavor innovation.

To address this, C Tea Industry should enhance its existing black tea product line and expand its green tea offerings. By planting and processing tea trees to higher standards, the company can improve product quality. A more diverse range of tea products will better cater to the varied tastes and preferences of consumers.

Additionally, C Tea should focus on developing new flavors that differentiate its products in the market. For instance, exploring the growing trends in floral green tea and chestnut-flavored green tea could attract attention, as these unique tastes can stand out in the competitive tea market. The current market is saturated with similar products, so innovation in processing techniques and flavor development is crucial to creating new and exciting options.

Moreover, leveraging the company's high-quality raw materials, C Tea can research and develop products like tea cakes and tea pillows to diversify its offerings and enhance product popularity.

Customizable tea products also present an opportunity to meet consumers' unique needs and strengthen brand loyalty. In Chinese society, tea is often used as a gift to symbolize reciprocity and deepened relationships. Offering custom tea products with personalized packaging—such as unique images, messages, or design elements—can enhance the gifting experience. Consumers can also choose tea products based on their economic ability and quality preferences, making the product both personalized and flexible. Customized tea products can thus cater to individual needs, reinforcing the emotional value of the gift and deepening the connection with consumers.

#### **4.7.2. Price**

C Tea Industry Co., Ltd. offers a wide range of products, but its pricing strategy is primarily based on tea quality and the long-standing marketing experience of the company's team. However, the company has not fully utilized differentiated pricing strategies for different consumer groups, packaging variations, or market segmentation. Currently, C Tea's product offerings can be categorized into two main price ranges.

Low-End Products include teas such as the 100g Jasmine Tea Qishan Flying Snow, 100g Qishan Spring Rhyme, and 100g Qishan Green Bud. These products are primarily targeted at tea enthusiasts or casual consumers who enjoy tea but are not willing to spend too much. The typical price for these products is below 300 yuan. While High-End Products like Qifeng, Qishan Golden Sword, Qishan Haoyun, and Mee Tea 9368 and 9371 are higher-end offerings. These products are known for their premium quality, exquisite packaging, and appeal to consumers with strong purchasing power, those who seek higher-quality tea or are looking for premium gift options. Prices for these products generally range from 300 yuan to 2000 yuan.

Table 4.4 Huang Da Tea series

<b>product</b>	<b>grammes per square metre</b>	<b>price</b>
Yellow tea-hidden	375g 7 cake	RMB 2,100 yuan / box
original intention	120g	288 Yuan / box
inventiveness	500g	268 Yuan / box
Quick-soluble yellow tea	The 12g virus was heard at 2	50 Yuan / listen
For yellow tea	150g	120 Yuan / pot

Source:author (2024)

Table 4.5 yellow bud series

<b>product</b>	<b>grammes per square metre</b>	<b>price</b>
Legends 641	100g	800 Yuan / box
Special tribute	70g eggplant 4 listen	1,000 yuan / box
Special Jane	70g eggplant 4 listen	750 Yuan / box
Special rhyme	70g eggplant 4 listen	500 Yuan / box
Terol	70g eggplant 4 listen	400 Yuan / box
Dazzle a	100g 3 to listen to	1,200 yuan / box
Dazzle two	100g 3 to listen to	880 Yuan / box
Master handmade tea	250g	600 Yuan / listen
Tea Tang Yun-yellow bud	250g	128 Yuan / pot
Drink from self-Yellow bud (special grade II)	100g	108 Yuan / bag
Drink-Yellow Bud (Grade I)	100g	88 Yuan / bag

Source:author (2024)



Table 4.6 tea series

<b>product</b>	<b>net content</b>	<b>price</b>
Huang Da special tea	And 500ml of 15 bottles	105 Yuan / box
Corn must tea	And 500ml of 15 bottles	105 Yuan / box
Nine jasmine	And 500ml of 15 bottles	105 Yuan / box

Source:author (2024)

For product pricing methods, different pricing methods should be adopted for different target markets to facilitate the development of the company. Specifically speaking, it is mainly divided into the following situations:

First, the low-end market, aiming at the target profit and determining the price of goods. Consumers in the low-end market are mainly elderly people with poor economic conditions and small entertainment and leisure places. These groups are relatively sensitive to price, but do not care much about the quality of products, usually grain consumption. The tea raw materials of C Tea Industry Co., Ltd. are basically from its own tea gardens, and the annual sales in the low-end market are also relatively stable. When facing the low-end market, we should add certain profits on the basis of cost, and adopt the form of low price and low profit to mainly sell some tea products with relatively low product quality, so as to stabilize the market share and expand the customer group.

Second, facing the middle market, the competitor-oriented pricing method can be adopted. That is to determine the price of the companys products with the product price of the main competitors in the market as a reference. Customers in the middle market of the company are very mobile. When choosing products, customers have price restrictions and requirements on the quality of the products, so they like to shop around. Therefore, the company should face the same quality, the same specification, the same type of products, with a slightly lower price pricing, in order to obtain the favor of customers.

Third, when facing the high-end market, we should adopt a higher pricing method and target the target group with high quality, high quality, excellent service and good after-sales. If the pricing of high-end products is too low compared with that of similar products, consumers will not agree with the quality and concept of their products, which will not be conducive to the

establishment of the brand image. However, at the same time, because of the weak brand influence, the pricing can not be too high, so as to avoid consumers can not accept it. Corporate image products are the representative of high-end products, you can choose the industry benchmark, priced at a slightly lower price.

To align with the strategic focus established in the previous chapter, C Tea Industry Co., Ltd. must refine its product development and pricing strategies to effectively engage its target consumer segments. The company's commitment to innovation in tea processing and product development is pivotal for maintaining competitive advantage and expanding market presence.

### 1. Product Development

C Tea Industry is leveraging collaborative efforts with university research teams and industry partners to enhance processing technologies and introduce innovative products. This collaboration focuses on creating unique tea varieties that cater to evolving consumer preferences, particularly among younger, health-conscious demographics who value authenticity and sustainability. New product lines should emphasize organic cultivation, artisanal craftsmanship, and health benefits, which resonate strongly with urban professionals and affluent middle-aged consumers.

To capitalize on this trend, the company should target existing loyal customers and potential new consumers by showcasing the distinctiveness and high quality of its products. Promotional strategies should highlight the unique attributes of these offerings, fostering a sense of exclusivity and engagement with the brand's cultural heritage and contemporary appeal.

### 2. Pricing Strategy

For newly developed products, a skimming pricing strategy is recommended. By setting higher initial prices, the company can leverage consumer curiosity and willingness to pay for premium, novel experiences that align with their values. This approach allows C Tea Industry to maximize early profits while reinforcing the prestigious image of its high-quality offerings. Engaging marketing campaigns and elegant packaging are essential to communicating the superior value of these products to the target audience.

As products mature in the market and competitors introduce similar items, gradual price reductions can be employed. This adjustment caters to budget-conscious consumers,

broadening market access while maintaining competitiveness. Importantly, transitioning from skimming prices should be timed strategically to sustain demand and attract consumers who were initially deterred by higher costs.

For imitation new products, adopting a high-quality, medium-price strategy can effectively capture market interest. By emphasizing quality while setting prices that are competitive yet accessible, C Tea Industry can attract consumers seeking reliable alternatives to existing market offerings. This approach mitigates the brand's relatively lower market influence by focusing on tangible product benefits over brand prestige.

By carefully calibrating product offerings and pricing strategies to match the expectations and preferences of distinct consumer targets, C Tea Industry can drive profitability and enhance brand loyalty. This alignment of strategy with market demand will not only maximize sales but also reinforce the company's reputation as a leader in the innovative and sustainable tea market. Through strategic product positioning and pricing, C Tea Industry can continue to build its brand presence and effectively harness market opportunities in the competitive tea industry landscape.

#### **4.7.3. Place**

C Tea Industry Co., Ltd. should focus on expanding its sales channels to improve market penetration and increase product accessibility. While the company has a stable export market and a growing domestic presence, its reliance on traditional channels limits its reach. The company should leverage both offline and online channels to meet the evolving needs of consumers.

The company should take advantage of the growing e-commerce trend and establish self-operated stores on major online shopping platforms like Taobao, JD, Alibaba, and Pinduoduo. These platforms will provide an opportunity to reach diverse consumer groups. On platforms like Pinduoduo and Alibaba, which attract price-sensitive consumers, the company should focus on promoting low-range products with attractive discounts, group purchases, and limited-time offers. In contrast, platforms like Taobao and JD serve a broader audience, including both high-end and low-end consumers, making them ideal for showcasing a variety of products. C

Tea should prioritize its premium offerings on these platforms while emphasizing the corporate image and quality of its products. By promoting high-end products and leveraging attractive pricing strategies, C Tea can enhance its visibility and sales across these platforms.

Additionally, C Tea should invest in live-streaming and short-form video content to engage consumers in a more interactive and dynamic way. This format is gaining traction across various industries, and C Tea can use it to introduce products, explain their unique selling points, and provide behind-the-scenes glimpses of the production process. By collaborating with influencers or traffic-heavy livestreamers, C Tea can amplify its brand visibility and create direct sales opportunities. This approach is especially effective in reaching younger consumers who prefer interactive online shopping experiences.

Offline, C Tea should focus on establishing a stronger physical presence. It currently lacks dedicated tea stores, but such stores would play a crucial role in enhancing the brand's prestige and giving consumers the opportunity to experience the products firsthand. To cater to the company's target market in Shanghai, consisting mainly of affluent individuals over 40 years old, C Tea should open stores in high-traffic areas with a high demand for premium tea products. The store design should reflect a light-luxury aesthetic, emphasizing the quality and sophistication of the brand. In-store experiences, such as tea tastings and demonstrations, will help build customer loyalty and trust. By focusing on high-end products, these stores can create a premium brand image and attract discerning customers who value product quality.

Furthermore, integrating both online and offline channels will enhance the overall customer experience. C Tea should explore the concept of an "omnichannel" strategy, where online promotions and information seamlessly lead to offline store visits and vice versa. This approach not only increases product exposure but also improves customer retention by offering multiple avenues for purchasing products.

#### **4.7.4. Promotion**

To effectively engage target consumers and enhance brand visibility, C Tea Industry Co., Ltd. must adopt a multifaceted promotion strategy that leverages both online and offline channels. In the increasingly competitive market, innovative promotional tactics are essential to capture market share, reinforce the brand's premium positioning, and foster deeper connections with consumers.

##### **1. Online Promotion Strategies**

(1) Social Media Campaigns: Platforms like TikTok, Instagram, and WeChat offer excellent opportunities for creating brand awareness and connecting with younger, tech-savvy audiences. C Tea should engage in content marketing by sharing visually appealing, short-form videos about the company's premium products and tea culture. These videos can highlight the product's unique qualities, such as its organic sourcing and premium taste, and demonstrate the tea preparation process in creative, engaging ways. Influencers with a strong following in the lifestyle, wellness, and luxury sectors can amplify these messages, promoting the brand's values and broadening its audience reach.

(2) Live Streaming and Influencer Collaborations: Live streaming, especially on platforms such as TikTok, is an increasingly effective way to showcase products in real-time and create direct engagement with consumers. C Tea can host live streams where influencers or brand ambassadors share their personal experiences with the tea products, providing viewers with a chance to ask questions and participate in giveaways. This creates a sense of community and urgency, driving sales through interactive experiences.

(3) Targeted Online Advertising: A mix of digital advertising—using tools like Facebook Ads, Google Ads, and Weibo—can be leveraged to target specific consumer segments. C Tea can create ads tailored to high-income individuals, health-conscious consumers, and tea enthusiasts based on their online behavior and interests. Additionally, search engine optimization (SEO) should be applied to ensure C Tea ranks well in relevant searches, driving organic traffic to its online store.

(4) E-Commerce Optimization: An engaging and user-friendly online store is essential for converting digital traffic into sales. C Tea should create a seamless, aesthetically appealing website that is easy to navigate. It should offer detailed product descriptions, subscription services, and an easy checkout process. Special discounts, limited-time offers, or exclusive products available only online can further incentivize consumers to make a purchase.

## 2. Offline Promotion Tactics

(1) Branded Tea Stores and Pop-Up Shops: C Tea should consider opening flagship tea stores in high-traffic, upscale areas, such as key districts in Shanghai. These stores should not just serve as retail outlets but as immersive brand experiences. The store design should reflect a light-luxury atmosphere that appeals to educated, high-income consumers over 40 years of age. Offering tasting sessions, where customers can sample different premium teas, will increase customer engagement and foster loyalty. Exclusive tea-related workshops or private events for loyal customers can also provide a more personalized experience that strengthens brand perception.

(2) Tea Tastings and Product Sampling: Hosting events or pop-up tea-tasting booths in high-end malls, cultural centers, and health clubs can allow consumers to experience the brand in person. These events should emphasize the premium quality of C Tea's products and its sustainable sourcing practices. Product sampling, coupled with informative sessions on the health benefits of tea and the tea-making process, will further align C Tea's brand with wellness and luxury.

(3) Collaborations with High-End Establishments: Establishing partnerships with luxury hotels, fine dining restaurants, and wellness centers where C Tea products can be exclusively served can significantly enhance the brand's prestige. These locations can also display branded materials, such as brochures or promotional posters, to increase visibility and reinforce the product's premium image.

## 3. Integrated Promotion Approach

(1) Cross-Platform Campaigns: To create a unified experience, C Tea can design cross-platform campaigns that leverage both online and offline channels. For example, an online contest or giveaway can encourage consumers to visit physical tea stores to redeem their prizes, generating foot traffic to offline locations. Similarly, offline events like tea tastings can

be promoted online through social media posts, driving digital engagement and encouraging participation.

(2) Utilizing Big Data and Customer Insights: C Tea can collect data from both its digital and physical touchpoints to gain valuable insights into customer preferences, behavior, and buying patterns. This data can be used to tailor marketing strategies, improve promotional campaigns, and personalize communication with customers. By analyzing customer feedback from various channels, C Tea can further refine its product offerings and marketing efforts.

(3) Loyalty and Rewards Programs: C Tea can introduce a loyalty program that rewards repeat customers with exclusive discounts, early access to new products, or invitations to private tea events. Integrating this program with C Tea's mobile app or website can create a seamless customer experience, where customers can track their points, redeem rewards, and stay informed about upcoming promotions.

#### 4. Public Relations and Media Outreach

(1) Press Releases and Media Features: C Tea should focus on crafting press releases and pitching stories to reputable media outlets in both the lifestyle and food & beverage sectors. By showcasing its sustainability practices, health-conscious positioning, and unique offerings, C Tea can secure valuable media coverage that elevates its brand awareness.

(2) Collaborating with Thought Leaders: C Tea can collaborate with industry thought leaders, such as tea sommeliers, nutritionists, or wellness experts, who can validate the brand's claims and amplify its messages in their networks. Interviews, blog posts, or expert opinions on the benefits of high-quality tea can position C Tea as a leader in the premium tea market.

#### 5. Event Marketing and Sponsorships

(1) Tea Festivals and Wellness Events: C Tea can sponsor or participate in industry events such as tea festivals, food expos, and wellness conferences. By aligning the brand with events that focus on health, culture, and luxury, C Tea can increase visibility and credibility within its target market.

(2) Corporate Social Responsibility (CSR) Initiatives: Supporting community-focused initiatives, such as sustainability efforts or educational programs on the health benefits of tea, can create a positive brand image and further differentiate C Tea as a responsible, socially-conscious brand.

## 4.8. Implementation

### 4.8.1. Budget

The budget in detail has shown in the table 4.7 below:

Table 4.7 Marketing Budget Table for Various Projects of C Tea Company in 2025

(Unit: Thousand Yuan)

Project	Q1	Q2	Q3	Q4	Total	Proportion
Television Advertising	60	62	60	62	244	17.3%
Promotional Site Rentals	50	49	45	45	189	13.4%
E-Commerce Platform Fees (Tmall, JD)	40	40	38	36	154	10.9%
Live-Streaming and Event Activities	80	80	80	80	320	22.7%
Public Relations Expenses	30	30	30	30	120	8.5%
Total Expenditure	260	261	253	253	1027	100%

Source: Author(2024)

In conclusion, the comprehensive budgeting and planning approach outlined for C Tea Industry Co., Ltd. provides a solid foundation for driving marketing initiatives. This framework not only underlines the importance of resource allocation across various channels but also ensures that the company remains agile and responsive to both challenges and opportunities in the dynamic tea market. This strategic advantage allows C Tea Industry to maintain its competitive edge, expand its market reach, and achieve long-term growth goals.

### 4.8.2. Control and evaluation

The evaluation of C Tea Industry Co., Ltd.'s marketing plan implementation will be facilitated by a robust set of indicators, ensuring that initiatives proposed achieve their intended outcomes. This section presents a detailed chart to monitor the effectiveness of these strategies, tying them to the overarching marketing objectives.





Table 4.8 Strategic Initiatives and Success Indicators

Marketing Strategy		Control and Evaluation Indicators
Online Promotion Strategies	Social Media Campaigns (TikTok, Instagram, WeChat)	Social media engagement rate (likes, shares, comments)
	Live Streaming and Influencer Collaborations	Number of viewers, interactions, and conversion rates during live streams
	Targeted Online Advertising (Google Ads, Facebook Ads)	Click-through rates (CTR) and conversion rates from paid ads
	E-Commerce Optimization (Website, Mobile App)	Website traffic, bounce rates, average session duration, conversion rate
Offline Promotion Tactics	Branded Tea Stores and Pop-Up Shops	Foot traffic to stores, sales volume per location, customer satisfaction surveys
	Tea Tastings and Product Sampling	Number of participants in tasting events, sales during and after events
	Collaborations with High-End Establishments (Hotels, Restaurants)	Sales volume from partners, number of exclusive partnerships
Integrated Promotion Approach	Cross-Platform Campaigns (online + offline integration)	Engagement rates across online and offline channels, sales conversion tracking
	Utilization of Big Data and Customer Insights	Accuracy of customer segmentation, campaign targeting success
	Loyalty and Rewards Programs	Number of program sign-ups, repeat purchase rates, customer lifetime value (CLV)
Public Relations	Press Releases and Media Features	Number of media placements, brand mentions, public sentiment analysis

and Media Outreach	Collaborations with Thought Leaders (e.g., Tea Sommeliers)	Number of expert endorsements, social media reach of influencers
Event Marketing and Sponsorships	Press Releases and Media Features	Number of media placements, brand mentions, public sentiment analysis
	Collaborations with Thought Leaders (e.g., Tea Sommeliers)	Number of expert endorsements, social media reach of influencers
Event Marketing and Sponsorships	Tea Festivals and Wellness Events	Event attendance, number of product samples distributed, direct sales at events
	Corporate Social Responsibility (CSR) Initiatives	CSR engagement metrics (community feedback, volunteer participation)

Source:author (2024)

To ensure the effective execution of the marketing mix strategies detailed in Chapter 4.7, a phased implementation plan over 12 months is proposed. The following table provides a structured timeline for each activity across the four marketing components: Product, Price, Place, and Promotion.

Table 4.9 Timeline

Category	Proposal	Timeline (Month)
Product	Introduce premium high-end tea products emphasizing unique cultural elements	Month 1-3
	Expand green tea offerings and innovate new flavors like floral green tea	Month 4-6
	Develop customizable tea products and personalized packaging	Month 7-9
	Partner with universities for R&D on new tea processing techniques	Month 5-12
Price	Apply skimming pricing for premium product launches	Month 2-3
	Gradually adjust skimming prices for broader market access	Month 6-9
	Introduce competitor-oriented pricing for middle-market offerings	Month 3-5
	Implement low-margin pricing for low-end products to stabilize sales	Month 1-2
Place	Establish e-commerce stores on platforms (Taobao, JD, Pinduoduo, etc.)	Month 1-4
	Launch live-streaming campaigns for online consumer engagement	Month 3-6
	Open branded tea stores in premium locations	Month 6-9
	Integrate omnichannel strategy linking online and offline platforms	Month 9-12
Promotion	Collaborate with influencers for social media campaigns	Month 1-3
	Organize tea-tasting events in luxury locations	Month 4-6
	Participate in tea festivals and sponsor wellness events	Month 5-8
	Roll out loyalty programs to reward repeat customers	Month 7-10
	Launch cross-platform marketing campaigns	Month 8-12

## 5. Conclusion

This project aims to design a comprehensive marketing plan for C Tea Industry Co., Ltd. to address its current challenges and opportunities in the competitive tea market. In an era where the principles of "clear waters and green mountains are as valuable as gold and silver mountains" have permeated national consciousness, there's an increasing emphasis on environmental protection and health awareness among consumers. This shift underscores the importance of ecological and health-focused tea products. Green marketing strategies resonate well with China's sustainable development goals and align with the corporate strategies of businesses like C Tea Industry Co., Ltd.

As a representative of Shanghai's SME tea industry, C Tea Industry Co., Ltd. holds a certain market influence within the ecological tea production, processing, and sales segment. However, it faces significant challenges, such as an 18.75% decline in sales for 2023, exacerbated by the ongoing economic downturn and impacts of the COVID-19 pandemic. This situation calls for an urgent reevaluation and innovation of the company's marketing strategies to identify new profit drivers and turn existing drawbacks into competitive advantages.

In the constantly evolving market environment, understanding the macro, industry, and micro conditions surrounding an enterprise is crucial for forming accurate product positioning, determining target markets, and improving marketing strategies. By examining C Tea Industry Co., Ltd. through the lens of 4P theory, PEST analysis, Porter's Five Forces, and SWOT analysis, this study clarifies the environmental context and evaluates the company's performance across product lines, pricing, distribution channels, and promotional activities. The primary findings illustrate several challenges, including weak brand influence, significant product homogeneity, inadequate packaging recognition, misaligned pricing strategies—especially for premium products, limited distribution channels, and a narrow promotional approach. These areas highlight the urgent need for a marketing strategy overhaul.

The objective of this project, therefore, is to design a marketing plan that addresses these issues and supports the evolution and transformation of C Tea Industry Co., Ltd. The recommendations provided in this study aim to enhance the company's economic outcomes and serve as strategic reference points for other tea enterprises facing similar challenges.

Furthermore, the project envisions promoting the seamless integration of the local tea industry with tourism, thereby expanding market opportunities and increasing brand visibility.

However, certain limitations exist due to corporate confidentiality, resource constraints, and the theoretical scope of the research, which may impact the overall depth and breadth of the findings. Key challenges for the company include securing funding for R&D of new products, leveraging favorable policy environments to gain government support, and achieving reciprocal growth benefits. Additionally, the integration of Internet technologies within the company—for product innovation and promotional activities—presents a crucial direction for future expansion.

These considerations highlight both challenges and opportunities for C Tea Industry to enhance its market positioning and secure growth in today's competitive landscape. The findings and proposals outlined in this research provide a strategic framework for sustaining the company's operations, expanding its influence within the tea industry, and responding proactively to evolving consumer preferences and global sustainability trends.

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## Appendix

### Appendix A The — Survey Questionnaire

#### C Tea Industry Consumer Survey

Dear valued customers of C Tea Industry,

We sincerely appreciate your support and interest in our products. To better understand your needs and enhance our offerings, we invite you to complete this short survey. It will take approximately 2 minutes to fill out, and your responses will be kept strictly confidential. Your feedback is invaluable to us, and we are committed to using it to improve our products and services.

Thank you for your time and support!

#### I. Basic Information

1. What is your age?

- ☐ 18-24 years
- ☐ 25-34 years
- ☐ 35-44 years
- ☐ 45 years and above

2. What is your monthly income range?

- ☐ Less than 8,000 RMB
- ☐ 8,000-15,000 RMB
- ☐ Over 15,000 RMB

#### II. Tea Consumption Situation

3. How often do you drink tea?

- ☐ Daily
- ☐ Several times a week
- ☐ Occasionally
- ☐ Rarely

4. Where do you typically purchase tea?

- ☐ Online stores

☐ Offline specialty tea shops or supermarkets

5. What factors are most important to you when purchasing tea? (Select all that apply)

☐ Product quality

☐ Packaging design and functionality

☐ Brand reputation

☐ Price

☐ Health benefits (e.g., herbal or floral ingredients)

☐ Other (please specify) \_\_\_\_\_

6. How important is packaging in your purchase decision?

☐ Very important

☐ Quite important

☐ Neutral

☐ Not very important

☐ Not important at all

7. Would you be willing to pay a higher price for better quality or exclusive tea products?

☐ Yes

☐ No

8. Are you interested in health-focused tea products (e.g., teas with herbal or floral ingredients)?

☐ Yes

☐ No

☐ Neutral

9. Would you be willing to pay a premium for high-end, exclusive tea products?

☐ Yes

☐ No

10. Do you have any suggestions or expectations regarding C Tea Industry's products?

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