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## **Business Plan for the Star-up Corporate Named Herbin**

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Master in Management

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Habilitation

Iscte- Instituto Universitário de Lisboa

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Department of Marketing, Operations and General Management

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*This work is dedicated to my  
alma mater.*

*It offered a chance to learn  
academic and feel different  
culture to me..*

*The professional teachers  
and friendly classmates help  
and support me. There are  
plenty precious memories in  
the campus. I would like  
express my feeling to my  
alma mate.*



## **Resumo**

No projeto a seguir discuto um plano de negócios para uma start-up chamada Herb In.

Herb In é um projeto inovador de loja de bebidas à base de chá que insiste no conceito central chamado “remédios e alimentos têm a mesma origem”.

Ervas Os principais produtos são bebidas saudáveis à base de chá de ervas.

Através da combinação da cultura moderna de bebidas à base de chá com a ideia de que “remédios e alimentos têm a mesma origem”, a Herb In espera criar a marca de bebidas à base de chá.

A marca de bebidas Herb In não só se adapta ao gosto dos mais jovens, mas também tem funções para a saúde.

Os principais pontos de inovação do projeto estão no desenvolvimento e pesquisa da receita do produto, bem como no processo do produto e no método de fabricação.

Dependendo dos ingredientes à base de plantas e frutas e vegetais da época, a Herb In lançará uma série de bebidas à base de chá que combinam as preferências de consumo dos jovens com funções saudáveis.

## **Palavras-chave**

- Plano de Negócios
- Loja de chá quente de
- Ervas naturais erva da natureza oriental
- Medicina tradicional chinesa

## **Código JEL**

M13- Novas empresas e Startups

L26- Empreendedorismo

O-31-Inovação e invenção



## **Abstract**

The goal of this program is to assess the feasibility of opening a natural herb hot tea shop named "Herbin" located in Guangzhou, China. "Herbin" hot tea shop is a nature herb hot tea retail shop located in Guangzhou, China. Feasibility assessment results will be demonstrated through an innovative business plan.

The "Herbin" hot tea shop integrates the ancient prescriptions of Chinese traditional medicine and oriental natural herbs into the hot drink industry. The "Herbin" hot tea shop also applies the ancient concept from traditional Chinese medicine called "medicine and food come from the same source" to the hot drink industry.

The "Herbin" hot tea shop plans to explore and find the need from youth for "how to keep health" and unique products, including hot drinks and snacks related to traditional Chinese medicine, to satisfy youth's needs. The new idea is revealed: to open the natural herb hot tea shop to apply Chinese traditional medicine theories and oriental nature herbs.

"Herbin" hot tea shop aims to access the young group with health-preserving behavior and health-related awareness, including college students and white-collar workers. "Herbin" hot tea shop opens in the residence area near the central business district or university to access the target clients.

The program plans to be carried out in Guangzhou as the experimental unit. On the one hand, natural herb hot drinks have been popular in Guangzhou since the 1820s. On the other hand, Guangzhou is the most developed economic city in southern China. These facts mean that there is a large client base.

"Herbin" hopes to provide natural herb hot tea and natural herb snacks that are based on the value of "medicine and food come from the same source" and offer more various and innovative products to clients.

"Herbin" expects to become a trendsetting brand to cater to the popular trend among today's young Chinese, called "punk health preservation."





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## **Chapter 1 Executive Summary**

With the increasing health awareness, the demand for healthy beverages in the market is increasing quickly. Especially young people prefer tea-based drinks with flavour and functions.

Herb In brand would like to let the health concept called “medicine and food come from the same source” blend into the daily life of recent people living in urban areas with a more youthful and modern approach. In the future Herb In will insist on product innovation and research deeply into the health functions of herbs and plants. Herb In hopes to become the leading healthy functional herbal tea-based drink brand in China through the brand upgrade and market expansion.

### **1.1. Based Theory**

Herb In innovation proposal will be based on the view from Chinese traditional Medicine Theory named “medicine and food from the same source”. Herb In brand combines this special view and modern tea-based drink culture and will launch a series of herbal tea-based drinks that are fashionable and healthy.

### **1.2. Special Service**

Herb In provides the service to customers to distinguish the body's physical status. Professional staff will recommend the most suitable product to the customer depending on their physical status. Customers could accept the special diagnosis method in Chinese Traditional Medicine named “Four Diagnostic Methods (Looking, Listening, Asking and Feeling the pulse)” and the professional staff will get the information about their bodies. Staff could depend on the diagnosis from doctors to introduce suitable tea-based herbal drinks or other products to customers. These customized services improve the feeling of participation for customers as well as improve the trust level of the Herb In brand. Additionally, these customized services also increase the degree of professionalism.

### **1.3. Brand Marketing**

The position of Herb In brand is “health herbal tea with national fashion style for young people”. Through the exquisite package and fashionable shop decoration style, Herb In brand hopes to attract the younger generation as

customers. At the same time, Herb In brand applies common and famous social media in China such as TikTok, Little Red Book and Weibo to help with brand marketing and promotion. Herb In team would like to create an excellent brand image that not only has traditional cultural heritage but also meets the modern fashion trend.

Herb In will adapt to the sales model that combines online shopping and in-store sales. Stores in malls could provide the immersive experience of Traditional Chinese Medicine Culture in the store space. Online Shopping Platforms include the WeChat Mini Program and Food Delivery Platforms such as “Meituan and Ele.me”. Online Shopping methods could cover the wide-ranging consumption group.

#### **1.4. Product Description**

Herb In will launch limited products according to the different seasons in order to adapt to the changes in climate and season. Herb In will launch tea-based herbal drinks that have functions for cooling the summer hot feeling of the body. Herb In will launch tea-based herbal drinks that have functions for warming the winter cold feeling of the body. The alteration of products according to the season could increase the sales amount due to the functionality.

Herb In through deep research and finding for the herb material combined with the seasonal fruits, vegetables and tea. Herb In hopes to launch a series of herbal tea-based drinks that are innovative and customised to meet the new market demands occurring in the daily life of young people. Herb In uses the core concept that “medicine and food come from the same source”, but Herb In pays more attention to the emotional interaction in the product position and brand style. Every type of tea-based drink is based on herbs and combines seasonal fruits and vegetables. The herbal tea-based drinks not only retain the health functions but also keep the acceptable taste for young people. The herbal tea-based drinks of Herb In core products include “Lycium Barbarum Jujube Tea, Tangerine Peel Lemon Tea, Hawthorn Chrysanthemum Tea”. These products have health functions as well as have fresh taste.

Herb In product R&D team was devoted to Chinese Herb area for several years.

Design of all of the formulations for every product based on the Traditional Medicine Theory. Herb In the R&D team confirms that every product provided to customers conforms to the scientific basis and has clear functions for health. It is familiar with the brand called “Kai Le Ge Fang Zi” product development and research process of the brand Herb In will get the plentiful specialists' support and help, this status effectively increases the public trust of the people for our brand.





## **Chapter 2 Literature Review**

### **2.1. “Medicine and Food Come from the Same Source”**

“Medicine and Food Come from the Same Source” is an important concept in Traditional Chinese Medicine. These concepts come from ancient medicine theory in China. This is referred to as “medicine and food come from the same source” or “medicinal and food homology”. (Hou & Jiang, 2013) Traditional Chinese Medicine Doctors think of lots of food materials not only as part of the daily diet but also with the medical functions that prevent disease and even treat diseases. (Hou & Jiang, 2013)

In November 2021, China’s National Health and Wellness Commission issued the “Regulations on the Management of the Catalogue of Substances that are Traditionally Both Food and Chinese Medicinal Herbs”, listing 110 medicinal and food homology materials. (Yang, G et al., 2021)

Huangdi Neijing (Nei Jing), one of the most important classical texts of traditional Chinese medicine, is the foundation upon which today's Chinese medicine principles are built. (“A Review on Different English Versions of an Ancient Classic of Chinese Medicine,” 2017)

Huangdi Neijing (Nei Jing) puts forward the concept of "Preventive Treatment of Disease" and emphasizes health conditioning through medicinal components in the diet to prevent diseases. The book proposes that "five grains are raised, five fruits are assisted, five livestock are beneficial, and five vegetables are filled" reveals the importance of food for human health.

Ben Cao Gang Mu (Compendium of Materia Medica) is a collective work of the theory of homology between medicine and food, and 1892 kinds of drugs are recorded in detail, many of which plants, animals and minerals can be used as both medicinal materials and food. (Wang, 2021)

The core of medicine and food come from the same source lies in achieving the purpose of health care through the conditioning of daily diet. This concept is not only reflected in the theory of traditional Chinese medicine, but also gradually verified and popularized through modern science and technology. In

modern society, the concept of medicine and food come from the same source is widely used in the development of food, health products and drinks, especially in the tea drinking industry, medicine and food come from the same source ingredients are used to develop drinks with health preservation effect and meet the pursuit of health by modern people.

For example, *Lycium barbarum* mentioned in the book has the functions of nourishing the liver and kidney, brightening the eyes and calming the mind. (Harunobu Amagase a & Norman R. Farnsworth b, 2011) While tangerine peel has the effects of regulating qi and invigorating the spleen, drying dampness and reducing phlegm. (Zhewen Xiao et al., 2024) And these ingredients are not only widely used in Traditional Chinese Medicine, but also become an important raw material in modern Healthy Tea Drinks.

## **2.2. Health Elements in Modern Tea Drinks**

With the improvement of global health awareness, consumers' requirements for diet gradually change from "delicious" to "healthy". As an important part of the beverage market, the tea drinks industry has also been continuously adjusting its product structure in recent years and gradually moving closer to "healthy tea drinks".

The latest "2024-2025 China Tea and Beverage Industry Development and Consumption Insight Report" data released by iiMedia Research (iiMedia Consulting), shows that the market size of China's new tea drinks reached 333.38 billion yuan in 2023, an increase of 13.5% year-on-year; the market size of health tea drinks was 41.16 billion yuan, an increase of 27.3% year-on-year; the market size of sugar-free beverages reached 40.16 billion yuan, an increase of 101.2%. (iiMedia Research, n.d.)

According to the industry research reports from iiMedia Research( iiMedia Consulting), the market share of healthy tea drinks is increasing year by year, especially tea drinks with the theme of Herbal Healthy Promote Function, which are welcomed by more and more young consumers because they combine the concept of Traditional Chinese Medicine health promotion with modern trends.

The health trend of tea drinking industry is mainly reflected in two aspects: first,

the selection of raw materials of the product tends to be natural and healthy, such as the use of herbal plants, medicine and food have the same origin ingredients; second, the efficacy of the product is gradually paid attention to by consumers, such as clearing away heat and toxic substances, invigorating the spleen and nourishing the stomach, refreshing the brain and other functional tea drinks increasingly appear in the market.

There is a typical representative brands. “Kai Le Ge Fang Zi ’ combine the theory of medicine and food homology of Traditional Chinese Medicine with modern tea drinking culture and launch a series of products. These method not only meet the taste of modern people, but also have healthy promote function. The product formula of this brand is based on Traditional Chinese Medicine, combined with seasonal ingredients, innovating the form of tea drink. So that it not only has a good taste, but also has a significant health effect. This innovative model has rapidly gained widespread recognition in the market and has become a benchmark in the field of healthy tea drinks.(Lu Li · : Kai Le Ge Fang Zi (Lu Li Made the Prescription), n.d.)

Integrate medicine and food have the same origin concept of Traditional Chinese Medicine into tea drinking products, and adjust and innovate according to the taste of modern young consumers. Firstly Herb In use the herbal plants as the main raw materials, such as wolfberry, jujube, tangerine peel, chrysanthemum, etc.. These raw materials themselves have obvious medicinal value, which can regulate the body and enhance immunity. Secondly Herb In use the seasonal products according to the principle of "adapting to time" in Traditional Chinese Medicine, the brands launch the corresponding tea according to seasonal changes. For example, summer focuses on heat-clearing and heat-relieving tea drinks, while winter focuses on nourishing warm tea drinks. This product strategy not only conforms to the theory of Traditional Chinese Medicine, but also conforms to the needs of consumers.

### **2.3. Market Demand for Innovative Tea Drinks**

According to market research, consumption demand for healthy drinks is growing rapidly worldwide, particularly in large cities. Consumers' demand for functional drinks is particularly strong. With the acceleration of work pressure and life rhythm, more and more consumers hope to regulate the body through

daily diet and improve sub-health status. As a traditional beverage with a long history, because of its natural and healthy attributes.

In China, with the promotion of Traditional Chinese medicine culture, more and more consumers are beginning to accept herbal tea drinks. According to the China Tea-based Drink Industry Development Report, the market demand for herbal health tea has increased by nearly 20% in the past five years. This market will still maintain a high growth rate in the next few years. Consumers not only pursue the taste of tea drink, but also hope to achieve the effect of health conditioning through tea drink.

The younger generation of consumers, especially the post-90s and post-00s, are extremely interested in the integration of traditional culture and modern trends. In recent years, with the rise of "National Fashion" culture, more and more young people have begun to re-examine and accept traditional Chinese culture. In this context, healthy tea drinks combined with Traditional Chinese Medicine have gradually become a new favorite in the market.

By combining the traditional theory of medicine and food have the same origin with modern tea-based drink culture, some brands have created a product form that is both traditional and fashionable. This integration enables young consumers to experience the rich heritage of traditional culture without feeling disconnected from modern life. And this integration has gained widespread recognition in the market.

#### **2.4. Health Promotion Functions of Herbal Tea**

In recent years, with the booming development of healthy beverages market, more and more scientific researches have begun to focus on the application of herbs and plants in functional drinks. A large number of studies have shown that herbs and plants not only provide rich nutrients, but also have a variety of pharmacological effects, such as antioxidant, anti-inflammatory, and immunomodulatory effects. These effects make herbs and plants an important raw materials in the research and development of healthy beverages.

For example, *Lycium barbarum* is widely used in traditional Chinese medicine and modern healthy foods. *Lycium barbarum* has the effect of nourishing kidney and liver, eyesight tranquilizing. Studies have shown that *Lycium barbarum* is rich in multivitamins, minerals and polysaccharides. It can enhance the immune system, antioxidant, delay aging.

In addition, Tangerine peel is the dried peel of citrus fruits. Tangerine peel is considered a commonly used medicinal herb in Traditional Chinese Medicine for regulating qi, strengthening the spleen, drying dampness, and resolving phlegm. Scientific studies have shown that tangerine peel is rich in flavonoids, which have anti-inflammatory, antibacterial, and antioxidant effects, can promote digestion, and alleviate gastrointestinal discomfort.

However, Jujube is known as a “natural tonic” in Traditional Chinese Medicine. Jujube has the effect of tonifying the middle and benefiting the vital energy, nourishing blood and calming the mind. Studies show that jujube is rich in vitamin C, iron and other nutrients. It can enhance immunity, improve blood circulation, anti-fatigue, anti-aging effect.

## **2.5. Conclusion**

Through reviewing the theory of medicine and food have the same origin and the research of modern tea-based drinks industry, it can be seen that the application of herbs and plants in healthy tea drinks has a deep cultural foundation and broad market prospects. Herb In will rely on the theory of Traditional Chinese Medicine, combine with the needs of modern consumers, launch a series of innovative tea products. These have both health promotion efficacy and modern taste, which greatly fits the current market trend of health beverage.



## **Chapter 3 Methodology**

### **3.1. Step 1: Consumer Demand Research**

To understand the acceptance and demand of the target group (25-40 year old urban white-collar workers) for tea-based herbal drinks, and clarify their preferences and price sensitivity for healthy tea drinks.

#### **3.1.1. Consumer Demand Research**

We should notice the fact that customers start control the market trend and production strategies rather than the operator of the company. The customers need should be consider if company would like to dominate the market share. In addition marketing and promotion activities should based on the consumption analysis of the target customers. The behaviors of target customers and it's research result will help manager to make decisions.(Toha & Supriyanto, 2023)

#### **3.1.2. Questionnaire Survey**

A questionnaire survey is an important tool in a research process to help the academic researchers collect useful data with the fact. (Taherdoost, 2022)

By means of online questionnaire, we collect the target consumer group 's demand for tea-based herbal drinks, consumption habits, taste preferences and health tea drinks concerns. The questionnaire will design basic information about consumers (gender, age, occupation, etc.), as well as their daily consumption habits about tea drinks (frequency, brand preference, price range, etc.) In addition, the questionnaire will focus on consumers' acceptance of herbal components in tea drinks and whether they are willing to pay higher prices for tea drinks with the concept of medicine and food have the same origin.

#### **3.1.3. Focus Group Discussion**

Focus groups are a type of qualitative research. Observations of the group's behaviors and opinions could help customer research, products and services

decisions and other important problem. Focus groups are often used in marketing research because this method could help researchers collect more useful feedback . In addition this method is not difficult to organize due to the group size.(George, 2021)

Invite 20-30 urban white-collar workers in Guangzhou to participate in the focus group discussion. Through face-to-face interaction, we will gain a deeper understanding of consumers' perception of tea-based herbal drinks, their perception of the efficacy of herbs and plants, and their understanding and acceptance of the concept of "medicine and food have the same origin". The focus group will discuss and collect feedback from participants based on the product prototype display, especially on the taste, packaging design, brand positioning, and other aspects of the tea-based drink.

#### **3.1.4. Online Social Media Research**

Online social media marketing has become the important marketing approach, due to the internet channel has become the main approach channel for people to get the product information and feedback. Social media become a platform for customers to get the information .This status would change the old way for marketing staff and company operator to communicate with their target group by a simple and direct method.(Toha & Supriyanto, 2023)

Through the analysis of social media platforms (such as TikTok, Little Red Book, and Weibo), we can understand consumers' discussion, evaluation, and feedback on existing tea-based herbal drinks brands, and further clarify the market gaps and potential needs.

#### **3.1.5. Expected Result of Customer Demand Research**

Through consumer demand research, we will clarify the target consumers' acceptance of tea-based herbal drinks; consumers' preferences for different herbaceous components; price range consumers are willing to pay; consumers' potential expectations and purchase motivation for product ect.

### **3.2. Step 2: Product Testing**

To verify the market acceptance of the product through sales testing and collect



direct feedback from consumers on the product to optimize formulation and positioning.

### **3.2.1. Small Scale Pilot Sales**

The purpose of a sales pilot program is to test the sales situation and product feedback for your business. Pilot sales project is testing example to check what marketing strategies are best for your business. In addition pilot sales activity is a accessible way to test the product feedback and operation process before officially open for the business. Pilot sales activity could collect useful information through pay the affordable cost. (Rumsey, 2019)

Select 1-2 shops with high consumption potential in the core business districts of Guangzhou (such as Tianhe District and Yuexiu District), and conduct small-scale pilot sales in the form of pop-up stores or takeout. The products for pilot sales will cover Herb In's core herbal tea beverage series, such as Lycium Barbarum Jujube Tea, Tangerine Peel Lemon Tea, Hawthorn Chrysanthemum Tea and so on.

### **3.2.2. Consumer Feedback Collection**

Each consumer who purchases tea drinks will be invited to fill out a brief feedback form, which includes evaluations of taste, packaging, price, and health benefits. We will also collect broader feedback through online reviews, such as customer reviews on food delivery platforms.

### **3.2.3. A/B Testing**

A/B testing is a form of hypothesis testing from two different aspects are compared from user's point of view. The primary types of data collected during the execution of A/B tests are product data and user data. ("A/B Testing," 2024)

In pilot sales, conduct A/B testing on different product packaging, pricing strategies, and promotional activities to verify which combinations are most popular among consumers. For example, testing the different effects of different cup designs, product pricing (whether promotions are included), and whether additional health information is provided (such as herbal efficacy

descriptions).

#### **3.2.4. Expected Result of Product Testing**

Through product testing, we will obtain consumers' taste feedback on different tea-based herbal drinks; pricing sensitivity of the product; effect of different packaging and marketing strategies on sales; market acceptance of products, particularly the intensity of demand for herbal drinks by target consumer groups.

### **3.3. Step 3: Market Validation**

To verify the market potential of Herb In and identify the competitive advantage and differentiation orientation of Herb In in Guangzhou market through the comparative analysis with similar brands.

#### **3.3.1. Competitive Benchmarking Analysis**

The main goal of benchmarking analysis is the improvement of company's strategies and management activities. Benchmarking is a tool to increase competitiveness, creates a system to compare with the target. Through benchmarking process and improvement activities promote the competitive advantages and innovation methods.(Pasholikov, 2024)

Focus on benchmarking tea beverage brands in the Guangzhou market with the concept of "medicine and food have the same origin", such as "Kai Le Ge Fang Zi", analyze their product structure, pricing strategy, market promotion methods, consumer evaluations, etc.

Through market research reports, third-party data platforms (such as iResearch and CBNDData), and online reviews, gain a deeper understanding of the market performance of competitors.

#### **3.3.2. SWOT Analysis**

SWOT analysis is an effective tool to efficiently evaluate the strengths, weaknesses, opportunities, and threats of businesses. SWOT analysis has become a key tool used by businesses operation. Managers and operator could

use SWOT analysis method to sensitively notice core threats, and confirm the core competencies of the company. (Benzaghta et al., 2021)

Based on in-depth research on competitors, conduct a SWOT analysis of Herb In to identify the brand's strengths (such as unique herbal formulas and independent R & D capabilities), weaknesses, opportunities (such as the herbal tea drinks market still in the development stage), and potential threats (such as fierce market competition and homogenization risks).

### **3.3.3. Overall Analysis of the Tea-based Drinks Market in Guangzhou**

By analyzing the current situation and development trends of the tea beverage market in Guangzhou, evaluate the growth potential of healthy tea beverages. We will refer to data such as consumer demographics, purchasing power, and tea consumption habits in the Guangzhou market to determine Herb In's potential market share in Guangzhou.

### **3.3.4. Expected Result of Product Testing**

Through market validation, we will clarify Herb In's positioning in the tea beverage market in Guangzhou; differentiation advantage compared to competitors; the acceptance and competitive environment of healthy tea beverage brands in the Guangzhou market.

## **3.4. Step 4 : Data Collection and Analysis**

To comprehensively collect consumer purchasing behavior and feedback through multiple data sources, conduct quantitative and qualitative analysis, and optimize product strategy and market positioning.

### **3.4.1. POS System Data Analysis**

By recording sales data through the POS system, analyze the sales situation, customer purchase frequency, popular time periods, and product combinations of different herbal tea drinks. We will use sales data to understand which products are most popular, the average spending amount of consumers, and which factors affect sales volume (such as weather, time periods, promotional activities, etc.).

### **3.4.2. Food Delivery Platforms Data Analysis**

By analyzing sales data on external platforms such as Meituan and Ele.me, we can understand the sales performance of online delivery channels. We will focus on analyzing the sales volume, order frequency, consumer reviews, etc. of different products to evaluate the differences between online sales and offline store sales.

### **3.4.3. Social Media Data Analysis**

Through the analysis of user interaction data of social media platforms (such as TikTok, Little Red Book, and Weibo), we can understand the degree of discussion, praise rate, and social sharing of Herb In brand among consumers. We will focus on analyzing whether herbal tea drinks have "topicality" and whether they can trigger spontaneous social communication among young consumers.

### **3.4.4. Qualitative Analysis**

By combining consumer feedback collected online and offline, we conduct a qualitative analysis to gain a deeper understanding of consumers' overall experience with Herb In tea drinks. We will focus on analyzing consumers' feelings in terms of taste, packaging, brand concept, etc., and identify key areas that need improvement.

### **3.4.5. Expected Result of Data Analysis**

Through data collection and analysis, we will obtain the sales performance and consumer purchasing behavior of Herb In tea drinks; the performance differences between different sales channels (offline stores and online food delivery); consumers' awareness, favorability, and communication effectiveness towards the brand; the optimization direction of product strategy, pricing strategy, and marketing strategy.

## **3.5. Conclusion**

Herb In will comprehensively verify the market feasibility and brand value of its products.

Consumer demand research will help us clarify market demand. Product testing

will optimize product positioning. Market validation will confirm the brand's competitive advantage. Data analysis will provide us with factual decision-making basis.

This systematic testing process will ensure that Herb In can meet consumer needs with optimal products and positioning before entering the market, and stand out in the fiercely competitive Guangzhou tea beverage market.



## **Chapter 4 Market Analysis**

In this chapter, we will conduct an in-depth analysis of the current situation and development trends of the tea-based drinks market in Guangzhou. We will focus on exploring the rise of healthy beverages and the market opportunities for herbal health promotion tea drinks. Through data collection and competitor analysis, we will identify potential opportunities and threats for Herb In in the market, helping brands develop differentiated competitive strategies.

### **4.1. Current Background**

#### **4.1.1. Tea-based Drinks Market Status**

As one of the major tea consumption centers in China, Guangzhou's tea market not only has a long cultural and historical background, but also has strong consumption power and market vitality due to its status as a first-tier city in China.

In recent years, with the rapid development of the tea beverage industry, Guangzhou has become a battleground for many tea beverage brands. As consumers pay increasing attention to healthy diet, the product structure of the tea-based drink industry is gradually shifting from traditional dessert milk tea to a more diverse and healthy direction.

According to the Guangzhou Tea Beverage Market Analysis Report, the scale of the Guangzhou tea-based drink market has exceeded 30 billion yuan in 2023 and is still expanding. The competition in the tea-based drink industry is becoming increasingly fierce.

Besides, various emerging tea beverage brands are emerging one after another, especially those that focus on functional drinks such as health, health promotion, low-sugar and low-fat, which are increasingly favored by young consumers. This change not only reflects the shift in consumer consumption habits, but also reveals the huge demand for healthy tea drinks in the market.

Herb In will focus on the Guangzhou market and target the core consumer group of urban white-collar workers aged 25-40 through the unique positioning of herbal health promotion tea drinks. This group focuses on health and quality of life, and is willing to accept new healthy lifestyles. So this group is an

important target consumer for healthy tea drinks.

#### **4.1.2. Healthy Beverages Trends**

With the popularization of health awareness, more and more consumers begin to pay attention to the health elements in the diet, especially young people. They not only pursue the taste of drinks, but also hope to serve the purpose of health care through daily diet.

According to the China Healthy Beverages Market Trend Research Report, in 2023 the annual growth rate of China 's health drink market reached 15%, which was much higher than the growth rate of traditional beverage market.

As an important branch of health drinks, the market demand of healthy tea drinks has been increasing year by year in recent years. Consumers' acceptance of the concept of medicine and food homology has gradually increased, especially in first-tier cities, and the younger generation has a deeper understanding and interest in the efficacy and health preservation of herbaceous plants. Herbal health promotion tea drinks gradually entered the market, and with its health efficacy and unique taste attracted a large number of consumers.

The rise of "National Fashion" culture has also promoted the popularity of Chinese healthy tea drinks. More and more young people are willing to try products that combine the healthy promotion concepts of Traditional Chinese Medicine with modern lifestyles. Especially those tea drinks that can meet the taste needs and bring health benefits. Herb In will meet the consumer demand in this trend through innovative herbal health promotion tea drinks.

#### **4.2. Data Collection & Analysis Method**

##### **4.2.1. Questionnaire Survey**

Questionnaires will be distributed to urban white-collar workers in Guangzhou through online surveys to understand their consumption habits, taste preferences, purchasing motivations, and awareness of herbal health promotion tea drinks.



The questionnaire will target the 25-40 age group, focusing on exploring their acceptance of herbal healthy promotion tea drinks and the key factors they consider when choosing healthy beverages, such as taste, efficacy, price, etc.

#### **4.2.2. In-depth Interview**

An in-depth interview is a qualitative research technique that is used to conduct detailed interviews with a small number of participants. Researchers using an in-depth interviewing approach invest a significant amount of time with each participant employing a conversational format. In-depth interview questions are primarily open-ended approach. The purpose of in-depth interviewing is to get detailed information that sheds light on an individual's perspective, experiences, feelings, and the derived meaning about a particular topic or issue.(Rutledge & Hogg, 2020)

Through in-depth interviews, we will further explore consumers' attitudes towards the details of tea-based herbal drinks. The interview will focus on consumers' understanding of Traditional Chinese Medicine health concepts and their views on the application of herbal plants in tea drinks. The interview results will help us clarify consumers' expectations for tea drinks and provide directional suggestions for product development.

#### **4.2.3. Third-party Market Research Report**

Utilize market research reports from third-party market research companies (such as iResearch, CBNDData, etc.) to obtain macro data on the healthy tea drinks market. The report will provide us with an analysis of the scale, growth trends, and consumer behavior of the tea-based drinks market in Guangzhou, further helping us formulate brand strategies.

#### **4.2.4. Data Analysis**

Through quantitative analysis (such as statistical analysis of questionnaire survey results) and qualitative analysis (such as content analysis of interviews), we will be able to comprehensively understand consumer needs, optimize product design and marketing strategies.

Descriptive Analysis : Descriptive analysis can be used for simple describe of

large volumes of data.(Start, S. H. & Head, S, 2006)

Exploratory Analysis: Exploratory analysis is used to explore the unknown relationships and connections.(Start, S. H. & Head, S, 2006)

Inferential Analysis: Inferential analysis uses a small sample to conclude a bigger population. It means, data from a subject sample of the world is used to test a general theory about its nature. (“Social Science Research: Principles, Methods, and Practices” by Anol Bhattacharjee, n.d.)

Predictive Analysis: Predictive analysis utilizes historical and current facts to reach future predictions. (MacGregor, n.d.)

Explanatory Analysis: This analyzing method is used to determine the consequences happening to one variable when changing another one using randomized trial data sets.(“Social Science Research: Principles, Methods, and Practices” by Anol Bhattacharjee, n.d.)

#### **4.3. Target Brand Analysis**

By find the successful competitors as the target and use benchmarking method, we could clarify Herb In's differentiation advantages and market positioning.

##### **4.3.1. " Kai Le GeFang Zi "**

As one of the earlier brands in the market to introduce the concept of medicinal and edible tea drinks, " Kai Le GeFang Zi " has achieved a leading position in the market through its profound background in traditional Chinese medicine and unique herbal tea drink formula.

##### **4.3.2. Product R & D**

With the endorsement of the University of Traditional Chinese Medicine, it ensure that the formula of each product is scientific and the efficacy is clear.

##### **Brand Positioning**

Through "National Fashion" style packaging and marketing, it has attracted a large number of young consumers.

#### **4.3.3. Market Promotion**

Through precise marketing on social media and integration with a healthy lifestyle, " Kai Le GeFang Zi "successfully built the brand image of healthy tea drinks.

#### **4.3.4. High Quality Raw Materials**

The brand emphasizes the use of high quality herbaceous ingredients and seasonal fruits and vegetables, improving the added quality of the product.

#### **4.3.5. Customized Service**

By providing customers with physical fitness consulting service and personalized tea-based drinks recommendations, it enhances user engagement and brand interaction.

#### **4.3.6. Balancing Taste and Health**

On the basis of ensuring taste, its products highlight the effect of health promotion and meet the dual needs of young consumers in health and taste.

By benchmarking this successful brands called " Kai Le GeFang Zi " , we will use their successful experiences and develop differentiated competitive strategies based on Herb In's unique brand positioning.



## **Chapter 5 Internal Analysis**

### **5.1. Advantages**

#### **5.1.1. Self-developed Herbal Tea Formula**

One of the core competitiveness of Herb In is the self-developed herbal tea formula. Compared with other similar products on the market, Herb In 's tea-based drinks not only pay attention to the richness of taste, but also emphasize the herbal healthy promote function.

Such product differentiation not only helps brands stand out in the competitive tea-based drinks, but also attracts consumers who pay attention to health and pursue natural and functional drinks.

Innovative formulas perfectly combining the traditional concept of "medicine and food have the same origin" with the health needs of modern consumers. These unique formulas include the innovative matching of Traditional Chinese Medicine materials such as Lycium barbarum, Jujube, Citrus Sinensis, and Chrysanthemum Morifolium. These materials are not only in line with modern human taste, but also have the endorsement of traditional Chinese medicine theory.

With self-developed formulations, Herb In is also able to flexibly adjust the product line and quickly respond to market demand and consumer feedback. This flexibility provides a solid basis for the long-term development of the brand.

#### **5.1.2. Innovative Brand Positioning**

Herb In's brand positioning is unique. Herb In combines Traditional Chinese Medicine culture with modern tea beverage trends to create a healthy tea beverage brand with distinct Chinese health features and a sense of fashion.

Through this unique brand positioning, Herb In can not only attract consumers who are interested in traditional culture and herbal healthy promote function, but also win the favor of young consumers through modern packaging design and marketing methods.

In recent years, with the rise of the "national fashion " culture, more and more young people have begun to pay attention to and accept the traditional Chinese medicine culture. By combining this culture with modern tea drink forms, Herb In endows its products with more cultural connotations, which can form a clear brand recognition in the fiercely competitive market.

This innovative brand positioning not only conforms to current consumer trends, but also provides cultural accumulation and market potential for the long-term development of the brand.

## **5.2. Disadvantages**

### **5.2.1. Low Brand Awareness**

As a startup brand, Herb In has a low level of recognition in the market, which is one of the main challenges currently faced by the enterprise.

Although the product itself has differentiation and uniqueness, the brand's recognition in the minds of consumers has not yet been established. And there is still uncertainty in market acceptance.

In the fiercely competitive tea beverage market, brands with lower visibility often find it difficult to attract enough attention in a short period of time. Therefore, Herb In needs to quickly increase brand awareness and enhance consumer identification and trust in the brand through effective marketing strategies.

Through social media, online and offline marketing campaigns, and collaborations with Key Opinion Leader (KOLs), Herb In can gradually expand its brand influence and increase market penetration.

### **5.2.2. Limited Funds**

As a start-up company, Herb In faced the problem of limited funding in the early stages of development. Insufficient funds not only limit the scale of product research and production, but also affect the strength of market promotion.

Large scale advertising, market development, and store expansion all require a significant amount of capital investment. The financial constraints in the start-

up stage make it difficult for Herb In to compete with financially strong big brands.

To address this disadvantage, Herb In can adopt some low-cost and efficient promotion methods, such as social media marketing, word-of-mouth communication, and joint promotion with partners or platforms in the health field, to maximize the use of limited resources.

Meanwhile, by introducing strategic investors or conducting financing, Herb In can also obtain more financial support to accelerate brand development and market expansion.

As a herbal health promotion tea drinks brand, Herb In has a unique product formula and innovative brand positioning, which provides a solid foundation for the company to win consumers in the market. However, low brand awareness and limited funds are the main disadvantages it currently faces.

To address these challenges, Herb In needs to develop effective brand promotion strategies and seek potential funding support to gradually enhance the brand's market influence and competitiveness. By fully leveraging its strengths and overcoming existing weaknesses, Herb In is expected to steadily develop in the fiercely competitive tea-based drinks market.





## **Chapter 6 Competitive Analysis (SWOT)**

### **6.1. Strengths**

#### **6.1.1. Independently Product Developed**

Herb In's tea-based drinks are independently developed and combine multiple herbal ingredients, with significant differentiation advantages. Its unique formula not only enriches the diversity of products, but also enhances the competitiveness of the brand.

#### **6.1.2. Medicine and Food Have The Same Origin**

The brand cleverly integrates the "medicine and food have the same origin" concept of Traditional Chinese Medicine into tea-based drinks, catering to the current consumer demand for health and wellness drinks. This concept provides products with more cultural connotations and market appeal, especially among young people with great potential for dissemination.

### **6.2. Weaknesses**

#### **6.2.1. Low Market Awareness**

As a start-up brand, Herb In's market awareness is still weak, consumer recognition has not yet formed, and the brand's market penetration ability is limited.

#### **6.2.2. Limited Promotion Resources**

Initial funding and resources limit the brand's investment in large-scale promotion. This makes it difficult to engage in direct competition with financially strong competitors in advertising and marketing.

### **6.3. Opportunities**

#### **6.3.1. Demand for Healthy Tea Drinks**

With the improvement of consumers' health awareness, the demand for healthy beverages in the market is constantly growing. As an important branch of healthy tea drinks, Herbal health promotion tea drinks are in a rapid

development stage. Herb In can leverage this trend to seize market opportunities.

#### **6.4. Threats**

##### **6.4.1. Strong Competitors**

The competition in the tea-based drinks market is extremely fierce, especially in the field of healthy tea beverages. Multiple brands have already occupied the market.

##### **6.4.2. Homogenization Risk**

The homogenization risk of products in the same industry is relatively high. Without sufficient differentiation and brand advantages, Herb In may face the risk of being submerged in the market.

#### **6.5. Conclusion**

Through SWOT analysis, Herb In possesses innovative products and a brand philosophy that aligns with health trends, but also faces limitations in promotional resources and intense market competition.

In order to stand out in the market, Herb In needs to fully leverage the differentiated advantages of its products and brand. Meanwhile, it gradually enhances brand awareness and reduce the competitive pressure through flexible marketing strategies and effective resource allocation.

## **Chapter 7 Goals of Business Plan**

### **7.1. Short-term Goals**

#### **7.1.1. Opening The First Herb In Store**

Successfully open the first Herb In offline store in the core business district of Guangzhou. The location of the first store will be located in commercial area such as Tianhe District where young consumers gather. In order to quickly enter the target market and establish initial brand influence.

#### **7.1.2. Achieving Break-even**

The second short-term goal is to achieve break-even within the first 6 months of store operation. By effective cost control, precise market positioning, and marketing strategies, ensure that the store's revenue can cover operating costs.

#### **7.1.3. Short-term Strategies**

To achieve this goal, Herb In will adopt the following strategies:

- Conduct small-scale pilot sales, optimize product formulas and pricing.
- Attract early consumers through social media marketing and offline activities.
- Enhance customer experience, improve repurchase rate and word-of-mouth communication.

### **7.2. Long-term Goals**

#### **7.2.1. Expand Other Stores**

Within 3 years, expand business to other areas of Guangzhou, including densely populated areas with high consumption potential such as Liwan District and Haizhu District. By gradually increasing the number of directly operated stores, we aim to further expand our brand influence and market share.

#### **7.2.2. Open Franchise Business**

We plan to gradually open up franchise business after the brand operation enters a stable period. By implementing standardized operational systems, product formulas, and brand management, we aim to attract interested

franchisees and rapidly expand our market coverage. It is expected that through the promotion of franchise models, Herb In will be able to achieve faster market penetration in Guangzhou and surrounding cities.

### 7.3 Conclusion

In the short-term, Herb In will focus on ensuring the successful operation of its first store in Guangzhou and achieving break-even within six months.

The long-term objectives is to gradually expand the market share in Guangzhou and surrounding areas through direct sales expansion and franchise models, and create an influential brand of healthy tea-based herbal drink.

## **Chapter 8 Business Strategies**

### **8.1. Product Strategy**

#### **8.1.1. Tea-based Herbal Drinks**

Herb In will continue to take self-developed tea-based herbal drinks as the core product and highlight the health efficacy of Traditional Chinese Medicine "medicine and food have the same origin". Products will include lycium barbarum, jujube, tangerine peel and other common herb ingredients to meet consumer health care, health promotion needs.

#### **8.1.2. Seasonal Products**

Herb In will regularly launch seasonal tea-based drinks according to climatic characteristics and consumer needs in different seasons. For example, warm tea drinks (such as Jujube Wolfberry Tea) will be introduced in winter, and heat-clearing and detoxifying tea drinks (such as Chrysanthemum Hawthorn Tea) will be introduced in summer. These seasonal products will promote continued purchase by consumers.

#### **8.1.3. Customized Services**

In the future, Herb In will also explore providing consumers with customized tea-based herbal drinks based on their individual constitution, further enhancing product differentiation and personalized experience.

### **8.2. Brand Strategy**

#### **8.2.1. Strength The Concept Called "Medicine And Food Have The Same Origin"**

The brand will continue to deeply cultivate traditional Chinese medicine culture and convey the concept of "medicine and food have the same origin" for health promotion to consumers.

By highlighting the natural health benefits of herbal plants through product packaging, store design, and social media content, consumers can feel that tea-based drink is not just a beverage, but also a healthy lifestyle.

#### **8.2.2. Create Youthful And Fashionable Brand Image**

Herb In will attract young consumers who value fashion and health through modern design and youthful marketing methods.

The brand will integrate "national fashion" elements in visual design, combining traditional culture and modern aesthetics.

At the same time, by collaborating with health and fashion KOLs, the brand's social media activity is enhanced. This makes the brand image more modern and attractive.

### **8.2.3. Enhance The Interaction Between The Brand And Consumers**

Through social media platforms (such as TikTok and Little Red Book), Herb In will regularly release health knowledge, advice on healthy tea drinks matching and other content. This will enhance consumers' brand identity and participation, and form word-of-mouth communication.

## **8.3. Sales Channel Strategy**

### **Offline Stores**

Herb In will open offline stores in the core business district of Guangzhou. Herb In will provide an immersive and healthy tea drinking experience through carefully designed store environments and high-quality services.

The store design will highlight the brand's herbal health promotion concept, attract consumers to enter the store and leave a deep impression.

### **Online Food Delivery Platform**

In order to expand sales channels, Herb In will actively join mainstream food delivery platforms such as Meituan and Ele.me.

Online sales can not only reach more consumers, but also further optimize products and services through the user feedback and rating system of food delivery platforms.

Delivery channels will also provide consumers with a convenient purchasing experience, meeting their demand for herbal health tea drinks anytime and anywhere.

## **8.4. Conclusion**

Herb In's development strategy will achieve continuous product innovation, extensive brand dissemination, and expansion of sales channels through refined product strategies, youthful brand strategies, and multi-channel sales strategies. These strategies will ensure the brand's long-term competitive advantage in the healthy tea beverage market.





## **Chapter 9 Implement Policies**

### **9.1. Marketing Policies**

#### **9.1.1. Social Media Promotion**

Use the TikTok platform to produce short video content related to healthy tea drinks. By showing the production process, health concept, and authentic feedback from consumers when tasting tea-based herbal drinks, we aim to attract young consumers' attention and recognition of the brand. In addition, invite health and wellness KOLs (Key Opinion Leaders) to collaborate and further expand brand exposure and market penetration through their influence.

Publish graphic or video content on Little Red Book about the health benefits, health promotion knowledge, and store check-in experience of herbal tea drinks. Collaborate with food and healthy lifestyle bloggers to share Herb In's product experience and attract young female consumers who value health and quality of life.

Encourage users to share their tea drinking experience and form word-of-mouth through regular online activities such as lucky draws, user generated content UGC competitions, etc. Meanwhile, leveraging positive feedback from consumers to enhance the brand's social media influence.

#### **9.1.2. Opening Promotion Activities**

During the opening period, launch a first order discount to attract first-time consumers. By offering discounts or small gifts, we help consumers lower the threshold for first-time purchases and increase repeat purchase rates through a positive consumer experience.

Introduce a membership card or points card system to encourage customers to earn discounts or rewards through accumulated consumption. Membership cards can include birthday privileges, exclusive discounts, etc., to increase customer loyalty. The membership system can not only enhance customer stickiness, but also accumulate user data for the brand, facilitating precise marketing in the later stage.

Regularly launch seasonal promotional activities, such as "Healthy Tea Drink Week" or "Winter Warm Tea Discount Season". Launch different health products according to the season to attract consumers to come to the store for consumption during specific time periods, forming a sustained consumption motivation.

## **9.2. Innovation Policies**

### **9.2.1. Product Development**

Herb In will establish cooperation with local Chinese medicine universities and related research institutions in Guangzhou, regularly introducing the latest research results in Traditional Chinese Medicine and developing innovative herbal tea-based herbal drinks formulas. This not only maintains the scientific nature of the product, but also ensures the brand's professionalism in the field of health promotion and enhances consumer trust.

Through continuous market research and consumer feedback, Herb In will regularly introduce new flavors and new effects of herbal tea-based herbal drinks. For example, designing personalized tea-based drinks formulas based on different physical conditions to meet the health needs of different populations. This sustained innovation capability will help Herb In maintain its competitive advantage in the market.

### **9.2.2. Advanced Equipment**

In order to ensure product standardization and production efficiency, Herb In will purchase advanced tea beverage production equipment, such as smart tea makers, herbal ingredient extraction equipment, etc. These devices not only improve the speed and quality of tea beverage production, but also ensure that the herbal ingredients in each cup of tea are evenly distributed and the taste is consistent.

With the increasing awareness of environmental protection, Herb In plans to use biodegradable environmentally friendly packaging materials and introduce corresponding packaging equipment. Through environmentally friendly packaging, not only can it meet consumers' expectations for sustainable development, but it can also enhance the brand's sense of social responsibility.

### **9.3. Organization Policies**

#### **9.3.1. Team Building**

To ensure the professionalism of the product, Herb In will prioritize recruiting employees with knowledge of Traditional Chinese Medicine, especially for the R&D team and product interpreters. These employees will be able to provide professional tea-based herbal drinks recommendations to consumers and help them understand the health concept of "medicine and food have the same origin".

In terms of store operations, Herb In will recruit employees with tea drinks production experience to ensure the quality of tea beverage production and service efficiency. Through systematic training, these employees will become proficient in the production techniques of tea-based herbal drinks and provide customers with a high-quality service experience.

#### **9.3.2. Employee Training**

All employees will receive product knowledge training on tea-based herbal drinks, especially on the ingredients, efficacy, and production techniques of tea drinks. Through in-depth training, employees can provide customers with professional advice on healthy tea drinks, enhancing their confidence in consumption.

In addition to product knowledge, employees will also receive customer service training to ensure they can provide friendly and professional services to customers. Meanwhile, employees will learn how to enhance customer experience and loyalty through interaction.

### **9.4. Financial Policies**

During the brand launch phase, Herb In expects to require a start-up capital of 500,000 yuan to cover initial costs such as equipment procurement, store rent, and raw material procurement. The specific allocation of funds is as follows:

#### **9.4.1. Equipment Procurement**

It is expected to require 150,000 yuan to purchase advanced tea-based drinks production equipment and environmentally friendly packaging equipment. The quality of the equipment directly affects the production efficiency and taste of the product, so it is a key investment in the initial stage.

#### **9.4.2. Store Rent**

The initial rent for leasing a store in the core business district of Guangzhou is expected to be 200,000 yuan. By selecting business districts with a concentration of young consumers, Herb In can quickly attract its target customer group.

#### **9.4.3. Raw Material Procurement**

In order to ensure product quality, high-quality herbal raw materials will be procured initially. It is expected to require 100,000 yuan. These raw materials will be used for the research and development of tea-based herbal drinks and daily store operations.

#### **9.4.4. Other Expenses**

Other expenses include decoration, marketing, employee salaries, etc.. It is expected to require 50,000 yuan. These expenses will be used for store opening preparations and initial brand promotion activities.

#### **9.4.5. Financing Source**

During the start-up phase, Herb In will primarily rely on self-owned funds while introducing external financing to ensure sufficient cash flow.

The brand will apply the negotiate financing cooperation with angel investors or venture capital institutions to further promote brand expansion in future.

### **9.5. Conclusion**

Herb In will achieve a long-term sustainable development through effective marketing strategies, advanced technological resources, professional team building, and reasonable fund allocation

## **Chapter 10 Implement Requirements**

### **10.1. Store Site**

The location of the store is the foundation of Herb In's successful opening and operation. It directly affects the brand's market exposure, customer traffic, and revenue.

#### **10.1.1. Tianhe District CBD**

As the commercial center of Guangzhou, Tianhe District CBD (Central Business District) is an area with high population density, convenient transportation, and a strong commercial atmosphere.

#### **10.1.2. Target Customer**

The core tasks for target customer analysis are explore the customers behavior and thoughts. Such as purchase behavior, specific lifestyle, core needs,faced problems and buying motivations.(How to Define Your Target Market and Customer Persona, n.d.)

There are a large number of corporate offices, shopping centers, and high-end residential areas, attracting a large number of young white-collar workers, elite class. This consumers are passionate about fashion and healthy lifestyles. They have a high demand for health promotion tea drinks, and have a high acceptance of traditional Chinese medicine culture.

#### **10.1.3. Specific Site**

Herb In will give priority to large shopping centers or commercial complexes such as Taikoo Hui, Parc Central, and Grandview Plaza. These business districts not only have strong shopping and dining consumption demand, but also rich customer flow, especially for young consumer groups.

By selecting locations in these commercial districts, Herb In can quickly enter the target market and attract potential consumers through the advantage of store location.

### **10.2. Store License And Certification**

#### **10.2.1. Business License**

A business license is a basic requirement for opening a restaurant and must be obtained from the Guangzhou Municipal Administration for Market Regulation. Herb In needs to provide relevant documents such as a lease agreement for the business premises and identification of the legal representative to ensure that the store has legal business qualifications.

#### **10.2.2. Food Business License**

As a company engaged in food and beverage business, Herb In must obtain a food business license. This certificate will be issued by the Guangzhou Food and Drug Administration to ensure that the store meets food safety standards.

During the processing, the store needs to pass food safety inspections to ensure that the operating environment, hygiene conditions, equipment and facilities comply with the requirements of the Food Safety Law of the People's Republic of China.

#### **10.2.3. Hygiene License**

Hygiene license is also one of the essential licenses for the catering industry, ensuring that the hygiene conditions of the store comply with relevant national and local regulations. Herb In needs to apply for this certificate from the Guangzhou Municipal Health Commission and undergo regular health supervision and inspection.

#### **10.2.4. Employee Health Certificate**

All employees engaged in catering operations must hold a valid health certificate. To ensure that they do not pose a threat to food safety during the operation process. The health certificate requires regular annual physical examinations and is issued by relevant departments in Guangzhou.

#### **10.2.5. Fire Safety Certification**

Before opening a store, Herb In must undergo a safety inspection by the local fire department to ensure that the store's design and facilities meet fire safety standards. The fire escape routes, fire extinguishing equipment, and installation in the store must comply with the fire safety regulations of Guangzhou and the

country.

#### **10.2.6. Tax Registration Document**

After obtaining the business license, Herb In needs to handle tax registration with the Guangzhou Taxation Bureau to ensure that the store operates in accordance with the law and pays taxes, including corporate income tax, value-added tax, etc.. Tax declaration and payment shall be made in accordance with regulations.

#### **10.2.7. Environmental Protection Rules**

As a food and beverage store, Herb In also needs to comply with the relevant regulations of the environmental protection department to ensure that the store's garbage disposal and sewage discharge meet environmental protection requirements. In particular, the use of environmentally friendly materials for packaging and garbage classification must comply with the environmental protection policy of Guangzhou.

#### **10.3. Conclusion**

District CBD in Guangzhou has strong consumer power and a concentrated target audience. By choosing the Tianhe District CBD in Guangzhou as the location for its first store, Herb In can quickly enter the market and attract a large number of young consumers.

At the same time, by obtaining relevant licenses for the catering industry and strictly complying with various laws and regulations, Herb In will ensure the legal and compliant operation of the store. This will lay a solid foundation for the long-term development of the brand.





## Chapter 11 Financial Evaluation

### 11.1. Initial Investment Budget

The initial investment budget is an important financial expense table for business plan. The initial investment budget covers major expenses such as store rent, equipment procurement, raw material procurement, salary and decoration costs. The following table is a initial budget table.

In the fixed costs the store rent cover the 3 months store rental expense and deposit. Equipment of the store will be use for 5 years because the tea-based drink manufacture equipment should be scraped. Labor cost cove the 3 months salary and social insurance expense of 4 staffs include the sponsor's s months. The material waste is listed in the table of expenses and costs . Market promotion and advertisement costs just cover the 3 months in the beginning.

*Table 11.1- Start-up Expenses and Budget. Source, The Author, 2024.*

Startup Budget	Amount	Source of Capital	Amount
<b>Estimated Budget</b>	80,000€	<b>Stakeholders Investment</b>	0.00€
<b>Estimated Expenses</b>	81,280 €	Total	0.00€
<b>Difference</b>	Short 1280 €	<b>Grants</b>	0.00€
		Total	0.00€
		<b>Crowdfunding</b>	
		Family Member Crowdfunding	40,000€
		Total	40,000€
		<b>Loans</b>	
		Bank Loans By House Mortgage	40,000€
		Total	40,000€
		<b>Grants Total</b>	80,000€
		<b>Expenses In Four Months (4 months)</b>	Amount
		<b>Fixed Costs</b>	
		Store Rents	10,000 €
		Equipment Purchase Costs	15,000 €
		Equipment Installation Fees	3,000 €
		Decoration Costs	15,000 €
		License and Certification Fees	2,000 €
		Human Resource Salaries	12,000 €
		Society Insurance Charges	1,200 €
		Bank Loans Interest (Annual Loan Rate= 4.35%)	580€
		Total	58,780 €
		<b>Other Expenses and Costs</b>	
		Raw Material Costs	15,000 €
		Raw Material Waste	1,500 €
		Market Promotion Costs	3,000 €
		Product Advertisement Costs	3,000 €
		Total	
		<b>Grand Total</b>	
			81,280 €

### 11.2.Normal Sales Revenue Forecast

Based on market demand and consumer behavior analysis, Herb In expects to sell 200 cups of tea-based herbal drinks per day, with an average price of 2.5 € per cup. Based on this, there is a detailed income forecast analysis as follows.

#### **11.2.1. Daily Sales Forecast**

Daily sales of cups: 200 cups

Average price per cup: 2.5 €

Daily sales revenue=200 cups x 2.5 €=500 €/day

#### **11.2.2. Monthly Sales Forecast**

Assuming the store is open every day and based on a daily sales volume of 200 cups, the monthly sales revenue is:

Monthly sales=500 €/day x 30 days=15,000,00€/month

Therefore, Herb In's monthly sales revenue is expected to be 15,000,00 €.

### **11.3. Detailed Evaluation of Revenue Forecasts**

#### **11.3.1. Annual Sales Revenue**

Based on a monthly sales revenue of 15,000,00 €, assuming the same sales level throughout the year, the annual sales revenue can be predicted as follows:

Annual sales revenue=15,000,00 €/month x 12 months=180,000,00 /year

#### **11.3.2. Seasonal Impact**

Although the above forecast is based on the assumption of stable sales throughout the year, in actual operation, the tea-based drinks market may be affected by seasonal factors. For example, summer demand may be higher, while winter demand may decrease. Therefore, actual sales may fluctuate at different levels due to seasonal fluctuations, especially weather changes, holiday promotions, and other factors.

#### **11.3.3. Impact of Promotion and Membership System**

By introducing a membership system, point rewards, and regular promotions, brands may increase customer repurchase rates and single purchase volumes.

Especially during holidays or promotional periods, sales may significantly increase in the short term, leading to additional revenue growth.

#### **11.3.4. Takeaway and Online Sales**

Considering modern consumers' demand for convenience, online takeaway platforms or self-built small program sales channels are also important ways to boost sales. Collaboration with takeaway platforms can further expand sales, especially during peak takeaway periods (e.g. lunch and dinner hours).

#### **11.3.5. Conclusion**

##### **Average Revenue**

Assuming 200 cups are sold daily, with an average price of 2.5 €per cup:

Daily sales revenue=200 cups x 2.5 €=500€/day

Monthly sales revenue =500 €/day x 30 days= 15,000,00 €/month

Annual sales revenue = 15,000,00 €/month x 12 months= 180,000,00 /year

##### **Potential Growth Revenue**

If brand awareness increases, market promotion is appropriate, or consumer demand for healthy herbal tea drinks grows, the daily sales volume may increase to 300 cups, thereby further increasing monthly and annual sales revenue.

Assuming 300 cups are sold daily, with an average price of 2.5 €per cup:

Daily sales revenue =300 cups x 2.5 €=750€/day

Monthly sales revenue =750 €/day x 30 days= 22,500 €/month

Annual sales revenue =22,500 €/month x 12 months= 270,000€/year

##### **Potential Decrease Revenue**

If brand awareness limited, market promotion is not appropriate, or consumer demand for healthy herbal tea drinks decrease, the daily sales volume may decrease to 100 cups, thereby due to decreasing monthly and annual sales revenue.

Assuming 100 cups are sold daily, with an average price of 2.5 €per cup:

Daily sales revenue=100 cups x 2.5 €=250€/day

Monthly sales revenue =250 €/day x 30 days= 7,500 €/month

Annual sales revenue =7,500€/month x 12 months= 90,000€/year

#### **11.4. Break-even Analysis**

Based on market demand and consumer behavior analysis, Herb In expects to be able to sell 200 cups of herbal tea per day, with an average price of 2.5 € per cup. Based on this, here's a detailed break-even analysis to determine how much sales the brand needs to achieve each month to cover fixed costs and break even.

To calculate the break-even point, we need to clarify the gross profit of each cup of tea, which is the profit after deducting variable costs. If the expected variable cost (including raw materials, packaging, marketing etc.) accounts for 40% of the selling price of a single cup, the gross profit calculation for each cup of tea is as follows:

##### **11.4.1. Monthly Fixed Costs**

*Table 11.2- Start-up Monthly Fixed Costs And Expenses. Source, The Author, 2024.*

Monthly Expenses	Amount
<b>Monthly Fixed Costs</b>	
Store Rents	2,500 €
Equipment Purchase Costs	250€
Equipment Installation Fees	50 €
Decoration Costs	250 €
License and Certification Fees	167 €
Human Resource Salaries	4,000 €
Society Insurance Charges	400 €
Bank Loans Interest	145€
<b>Total</b>	<b>7,762 €</b>
<b>Grand Total</b>	<b>7,762 €</b>

##### **11.4.2. Gross Profit**

Gross profit per cup = single cup selling price x (1- variable cost ratio)

Gross profit per cup = 2.5 € x (1-0.40)= 1.5 €/cup

#### **11.4.3. Break-even Point**

Next, calculate the monthly sales cup count required for the break even point by dividing the fixed cost by the gross profit per cup

Break-even point=monthly fixed cost/gross profit per cup= $7,762\text{€} / 1.5\text{€} \approx 5,175$  cups/month

Converted to daily sales volume, the following is obtained:

Daily sales volume= $5,175 \text{ cups} / 30 \text{ days} \approx 173 \text{ cups/day}$

Therefore, considering variable costs, Herb In needs to sell 173 herbal tea drinks per day or 5,175 cups per month to achieve break even.

#### **11.4.4. Sales Revenue Corresponding to the Break-even Point**

To further clarify the sales revenue at the break-even point, the calculation is as follows:

Daily sales revenue=average price per cup x daily break-even sales volume= $2.5\text{€} \times 173 \text{ cups} \approx 432.5\text{€/day}$

Monthly sales revenue=Daily sales revenue x 30 days= $432.5\text{ €/day} \times 30 \text{ days} \approx 12,975\text{€ /month}$

Therefore, Herb In achieved a break-even monthly sales revenue of 12,975 €.

#### **11.4.5. Break-even Point Sensitivity Analysis**

To evaluate the flexibility of the break-even point, sensitivity analysis can be conducted by adjusting the selling price and sales volume of individual cups

#### **11.4.6. The impact of increasing the selling price**

If the selling price of a single cup increases 2.5 € from to 3 €, the gross profit per cup will increase:

Gross profit per cup=  $3\text{ €} \times (1-0.40) = 1.8\text{ €/cup}$

Break-even point= $7,762\text{€} / 1.8\text{ €} \approx 4,212 \text{ cups/month}$

Daily sales volume= $4,232\text{cups} / 30 \text{ days} \approx 144 \text{ cups/day}$

Therefore, when the selling price of a single cup increases to 3 €, only 144

cups need to be sold daily to achieve break even.

#### **11.4.7. The impact of lowering the selling price**

If the selling price of a single cup drops from 2.5 € from to 2 €, the gross profit will decrease:

Gross profit per cup =  $2 \text{ €} \times (1 - 0.40) = 1.2 \text{ €/cup}$

Break-even point =  $7,762 \text{ €} / 1.2 \text{ €} \approx 6,468 \text{ cups/month}$

Daily sales volume =  $6,468 \text{ cups} / 30 \text{ days} \approx 216 \text{ cups/day}$

When the selling price of a single cup drops to 2 €, 216 cups need to be sold daily to achieve break even.

#### **11.4.8. Conclusion of Break-even Point**

Through break-even analysis, the break-even point at the beginning of the Herb In project is:

Break-even point at monthly fixed costs: 5,175 cups sold per month or 173 cups per day.

Monthly sales revenue corresponding to the break-even point: about 12,975€ .

Considering that the current brand's expected sales volume is 200 cups per day, which is above the break-even point,.

Herb In is expected to be profitable business in normal status .

#### **11.4.9. Detailed Break-even Analysis Statement**

*Table 11.3- Start-up Break-even Analysis Statement. Source, The Author, 2024.*

Break-even Analysis Statement			
Item	Optimistic Situation	Normal Sales	Pessimistic Situation
Daily Sales Amount (cup)	300	200	100
Sales Price of Single Cup (€)	2.5	2.5	2.5
Variable Cost Ratio	40%	40%	40%
Variable Cost of Single Cup (€)	1	1	1
Gross Profit of Single Cup (€)	1.5	1.5	1.5
Daily Sales Revenue (€)	750	500	250
Monthly Sales Revenue (€)	22,500	15,000	7,500
Monthly Fixed Cost (€)	7,617	7,617	7,617
Monthly Gross Profit (€)	13,500	9,000	4,500
Monthly Net Profit (€)	5,883	1,383	-3,117

*Table 11.4- Start-up Break-even Sensitive Analysis Statement. Source, The Author, 2024.*

Break-even Sensitive Analysis Statement			
	Price Equal 2.5€	Price Increase To 3€	Price Decrease To 2€
Break-even Point Daily Sales (cup)	173	144	216
Break-even Point Daily Revenue (€)	433	432	432
Break-even Point Monthly Sales ((cup)	5,175	4,212	6,468
Break-even Point Monthly Rvenue (€)	12,975	12,660	12,936

#### **11.4.10. Conclusion**

Normal Situation (benchmark): If 200 cups are sold daily, the monthly net profit is 1,238 €, above the break-even point.

Pessimistic Situation: Even if 100 cups are sold daily, a monthly net loss is 3262 €, this situation is severe.

Optimistic scenario: If 300 cups are sold daily, the monthly net profit will reach 5,738 €.

Selling price retain to 2.5 € : Selling 173 cups per day can achieve a break even point.

Selling price increases to 3 €: Selling 144 cups per day can achieve a break even point.

Selling price decreases to 2 €: A daily sales volume of 216 cups is required to achieve a break even point.

Through the above table, you can clearly see the break-even point and net profit forecast under different situations.

### **11.5.Cash Flow Forecast**

Cash flow forecast is crucial for Herb In's financial health and long-term operations.

By analyzing monthly cash inflows and outflows, it can ensure that the brand maintains sufficient working capital in its initial operations.

The following is the optimized cash flow statement, based on a detailed analysis of sales revenue and operating expenses.

#### **11.5.1. Cash Inflows**

According to the previous sales forecast, Herb In's monthly cash inflow mainly comes from sales revenue and other income (such as membership card income, etc.).

Monthly sales revenue=15,000 € (based on a sales forecast of 200 cups per day and an average price of 2.5 € per cup)

Other income (such as membership card income, promotional activities, etc.)=5,000 €

Monthly cash inflow==15,000 € +5,000 €= 20,000 €

#### **11.5.2. Cash Outflows**

The core components of cash outflow include raw material procurement costs, fixed costs, equipment depreciation and maintenance expenses, as well as marketing and promotion expenses.

Raw Material Procurement Cost

Assuming that the cost of raw material procurement accounts for 30% of



monthly sales, the calculation is as follows:

Raw material procurement cost =  $15,000 \text{ €} \times 30\% = 4,500 \text{ €/month}$

Fixed Cost

Fixed costs include store rent, employee salaries, equipment depreciation and maintain cost, and other daily operating expenses, as follows:

Store Rental Deposit = 2,500 € ( Cash Pledge )

Store Rent = 2,500 €/month

Employee Salary = 4,000 €/month

Employee Social Insurance = 400 €/month

Decoration Cost = 250 €/month

License and Certificate Costs = 167 €/month

Equipment Depreciation and Maintenance Costs = 300 €/month

Monthly Bank Loan Interest = 145 €/month

The first month fixed cost is higher than other periods because sponsor should pay for the rent and cash pledge for store.

Total fixed costs =  $2500 \text{ €} + 2,500 \text{ €} + 4,000 \text{ €} + 400 \text{ €} + 250 \text{ €} + 167 \text{ €} + 300 \text{ €} + 145 \text{ €} = 10,262 \text{ €}$

Normal period the fixed cost is lower than first month because sponsor just should pay for the normal costs.

Total fixed costs =  $2,500 \text{ €} + 4,000 \text{ €} + 400 \text{ €} + 250 \text{ €} + 167 \text{ €} + 300 \text{ €} + 145 \text{ €} = 7,762 \text{ €}$

### **11.5.3. Marketing and Promotion Expenses**

In order to maintain market promotion and brand exposure, the store should pay the marketing expenses in the 3 months in the beginning period for social media advertising, offline promotional activities to promote brand awareness.

Market Promotion Cost = 1000 € /month

Advertisement Expense = 1000 € /month

#### **11.5.4. Total Cash Outflow In The First Month**

Monthly Cash Outflow= 4,500 € (raw materials) + 1,0262 € (fixed costs) + 2000 € (marketing)= 16,762€

#### **11.5.5. Total Cash Outflow In The Second Month AND Third Month**

Monthly Cash Outflow= 4,500 € (raw materials) + 7,762 € (fixed costs) + 2,000 €(marketing) = 14,262€

#### **11.5.6. Total Cash Outflow In Normal Period**

Monthly Cash Outflow= 4,500 € (raw materials) +7,762 € (fixed costs) = 12,262 €

#### **11.5.7. Net Cash Flow**

By calculating cash inflows and outflows, the monthly net cash flow is obtained. It refers to the funds that the brand can retain each month for further operations and expansion.

First month net cash flow=20,000 € (cash inflow) -16,762 € (cash outflow)= 3,238€

Second month and Third month net cash flow=20,000 € (cash inflow) -14262 € (cash outflow)= 5,738€

Monthly net cash flow=20,000 € (cash inflow) -12262 € (cash outflow)= 7,73815€

#### **11.5.8. Cash Flow Balance Sheet**

If the sales revenue keep stable amount.

There is cash flow forecast for next period for 5years.

*Table 11.5- Start-up Cash Flow Forecast Analysis Statement. Source, The Author, 2024*

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Beginning cash balance</b>	42,500€	102,900€	147,100 €	191,300€	235,500€	215,900€
<b>Cash Inflows</b>						
Presale		60000 €	60000 €	60000 €	60000 €	60000 €
Sale		180,000€	180,000€	180,000€	180,000€	180,000€
Other Income	40,000€					
Loan Proceeds	40,000€					
<b>Total Cash Inflows</b>	80,000€	240,000€	240,000€	240,000€	240,000€	240,000€
<b>Cash Outflows</b>						
License and Certification Fees	2,000€		2,000€	2,000€	2,000€	2,000€
Equipments Expenses	18,000€		3,000€	3,000€	3,000€	3,000€
Decoration Costs	15,000€					
Store Security Deposit	2,500€					
Store Rental Expense		30,000€	30,000€	30,000€	30,000€	30,000€
Human Resources Expenses		52,800€	52,800€	52,800€	52,800€	52,800€
Marketing Expenses		24,000€	24,000€	24,000€	24,000€	24,000€
Bank Loan Interest Costs		1,800€	1,800€	1,800€	1,800€	1,800€
Loan Repayment						40,000€
Family Member Crowdfunding Repayment						40,000€
Raw Material Fee		66,000€	66,000€	66,000€	66,000€	66,000€
<b>Total Cash Outflows</b>		179600€	195800€	195800€	195800€	25,4600€
<b>Net Cash Flow</b>	42,500€	60,400€	44,200€	44,200€	44,200€	loss 19,600€
<b>Ending Cash Balance</b>						215,900€

### 11.5.9. Cash Flow Valuation

#### DCF

To value Herb In the method of discounted cash flow valuation has been chosen. The formula for this valuation method is :

With:

- CF1= Cash flow of the first year
- CF2= Cash flow of the second year
- CFn= Cash flow for additional years
- Annual Discount Rate=3.24% (China)
- N=1,2,3,4,5

$$\text{DCF} = (60400 / (1 + 3.4\%)) + (44200 / (1 + 3.4\%)^2) + (44200 / (1 + 3.4\%)^3) + (44200 / (1 + 3.4\%)^4) + (-19600 / (1 + 3.4\%)^5) = 58413.93 + 41341.02 + 39981.64 + 38666.97 - 16582.63 = 161,820.93 \text{ €}$$

$$\text{DCF} = 161,820.93 \text{ €}$$

## **Chapter 12 Conclusion**

Herb In project is positioned in the rapidly growing healthy tea tea-based drinks market. With its innovative herbal formula and brand concept of "medicine and food have the same origin", it has significant market prospects.

From a comprehensive analysis of product strategy, channel planning, financial evaluation, and other aspects, this project has good acceptance and development potential among target consumers in Guangzhou and other first-tier cities.

### **12.1.Market Foreground Analysis**

Currently, the demand for health care and health promotion drinks among consumers is on a continuous upward trend, especially in first-tier cities. The increasing health awareness among young people has driven the rapid expansion of the healthy tea-based drinks market.

#### **Differentiated Product Positioning**

A brand is a mean of product differentiation and a kind of a sign by which we can distinguish one commodity from another. Therefore, the market positioning of branded products is important for firms, too, since it affects profits.

(Giannias, 1999)

Unlike most tea-based drinks brands in the market that mainly focus on milk tea and fruit juice, Herb In focuses on herbal health promotion tea drinks, integrating the Traditional Chinese Medicine concept of "medicine and food have the same origin" into its products, with "health" as its core selling point.

Through the differentiated positioning of herbal health promotion tea drinks, combined with traditional Chinese medicine culture, Herb In fully meets the pursuit of modern consumers for health and high-quality life.

#### **Innovation-Driven**

In terms of product innovation, Herb In relies on the research results of the University of Traditional Chinese Medicine to continuously launch seasonal health herbal drinks. This maintains the freshness and market competitiveness of the products. So Herb In could stand out in the heavily homogenized tea

beverage market.

### **12.2. Challenges Solution**

Although Herb In has advantages in product and market positioning, the brand still faces some challenges in the early stages of launch, mainly including low brand awareness and financial pressure.

As an emerging brand, Herb In needs to use precise marketing strategies to increase brand awareness. Through the promotion of social media such as TikTok and Little Red Book, as well as the cooperation with health KOL ( Key Opinion Leader ) .

Herb In can combine opening promotions and membership systems to attract early consumers, and improve customer repurchase rate and word-of-mouth communication through high-quality product and service experience.

Initial operations will face certain financial pressures, especially in terms of equipment procurement, store rental, and marketing investment. Herb In has developed a financial plan that ensures healthy cash flow through cost control and refined management.

### **12.3. Profitability Ability**

From a financial evaluation perspective, through reasonable cost control and sales revenue forecasting, Herb In is expected to achieve break even in the early stages of operation and gradually enter a profitable state.

Break-even point: According to the latest financial model, the break-even point is set at selling 170 cups per day. In areas with strong consumption power, such as the CBD of Tianhe District, Guangzhou, this goal is relatively easy to achieve by relying on the market potential of healthy tea-based drinks.

It is expected that the monthly sales will meet 15,000 €. And after deducting fixed costs, raw material costs, equipment depreciation, and marketing expenses, the net cash flow will be approximately 7,883€. This provides sufficient financial support for the stable operation and subsequent expansion of the brand.

#### **12.4. Expansion Capacity**

Herb In plans to expand to other regions in Guangzhou and gradually open up franchise business. The franchise model will significantly increase the brand's market penetration rate and provide strong support for long-term sustainable development. Herb In can quickly replicate successful experiences and enter more cities and markets.

#### **12.5. Conclusion**

Herb In project has significant market potential and profitability, especially in the context of rising demand in the healthy tea-based drinks market. Through differentiated product positioning, precise market strategies, and reasonable financial planning, Herb In is expected to quickly establish a foothold in the Guangzhou market and gradually expand to more regions.

Although there are initial brand awareness and funding challenges, the project will be able to overcome these barriers through effective management and marketing strategies. In the end, it will stand out in the highly competitive market, achieve stable profits and long-term development.

Herb In is committed to becoming a leading brand in the healthy tea-based drinks industry, conveying the health concept of "medicine and food have the same origin", promoting consumers' healthy lifestyles. And ultimately it will occupy a place in the market.





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## **Annex A -Questionnaire**

### **13.1.Tea-based Herbal Beverage Market Research Questionnaire**

Dear Consumers,

Thank you very much for taking time out of your busy schedule to participate in this questionnaire survey.

The purpose of this survey is to understand the target consumer demand, consumption habits, taste preferences and concerns on healthy tea drinks. Your feedback is very important to us and will provide a valuable basis for the research and development and marketing of related products.

The questionnaire information is only used for statistical analysis. We will keep your personal information strictly confidential. Please feel free to fill in it.

Thank you again for your support and cooperation!

#### *Consumer Basic Information*

1. Your gender:

A. Male

B. Female

2. Your age:

A. Under 18 years old

B. 18-25 years old

C. 26-35 years old

D. 36-45 years old

E. 46-55 years old

F. Over 55 years old

3. Your occupation:

A. Student

- B. Enterprise Employee
- C. Civil Servant / Public Institution Employee
- D. Freelancer
- E. Self-employed
- F. Other Occupation (please indicate the answer.)\_\_\_\_\_

4. Your area:

- A. First-tier cities
- B. Second-tier cities
- C. Third-tier cities
- D. Fourth-tier cities and below

*Tea and Beverage Consumption Habits*

5. Your frequency of tea drinks is:

- A. Multiple times A day
- B. Once a day C
- C. 3-5 times a week
- D. 1-2 times a week
- E. 2-3 times a month
- F. Little drink (almost no)

6. Under what circumstances do you usually buy tea drinks?

- A. Thirsty
- B. Dining
- C. Leisure
- D. Work and Study
- E. Other (please indicate the answer.)\_\_\_\_\_

7. What brands do you prefer to choose to buy tea drinks?

- A. 霸王茶姬 HAGEE
- B. 喜茶 HEYTEA
- C. 茶百道 CHA PANDA
- D. 蜜雪冰城 MIXUE ICE TEA
- E. 古茗 GOOD ME
- F. 沪上阿姨 UNTEA JENNY

G. Others (please indicate)\_\_\_\_\_

8. The price range you can accept when you buy tea drinks is (each bottle / can, about 700ml):

- A. 1 euro below
- B. 1-2 euro
- C. 2-3 euro
- D. 3-4 euro
- E. 4 euro above

*Taste the Preference for Tea Drinks*

9. You prefer the taste of tea drinks:

- A. light and refreshing
- B. mellow and rich
- C. slightly sweet
- D. slightly bitter
- E. moderate sweet and sour

F. Others (please indicate)\_\_\_\_\_

10. For the intensity of tea flavor of tea drinks, you tend to:

- A. very light tea flavor, almost no
- B. weak tea flavor, slightly feel
- C. moderate tea flavor, can obviously feel the flavor of tea
- D. rich tea flavor, tea flavor highlights
- E. very strong tea flavor, similar to strong tea

11. What are the taste characteristics of tea base herbal drinks?

- A. smoothly taste
- B. multiple layered taste
- C. fresh taste
- D. Lasting taste
- E. E. Others (please indicate)\_\_\_\_\_

*Acceptance of Chinese Herbal Ingredients in Tea Beverages*

12. Your attitude towards the herbal ingredients in tea drinks is:

- A. like it very much, think healthier
- B. like it, willing to try it
- C. doesn't matter, can accept
- D. don't like it, but you can try
- E. don't like it very much, can't accept it

13. What herbal ingredients do you think in tea drinks will appeal to you more?(Multiple options)

- A. Lily
- B. Chrysanthemum
- C. Wolfberry
- D. Lotus Leaf
- E. Jujube

F. Longan

G. Other (please indicate)\_\_\_\_\_

#### The Material Source of Tea Drinks and the Customer's Payment Willingness

14. Do you pay attention to the source of the ingredients for buying tea drinks?

A. Only buy tea drinks made of tea from natural and reliable material sources

B. Will give priority to products with natural and reliable material sources

C. Don't care the material source as long as it tastes good

D. Completely ignore the material source of products

If a tea-based herbal drink with high-quality, pollution-free tea ingredients and natural herbal ingredients, are you willing to pay a higher price?

A. Very willing to pay higher price

B. Willing to afford higher price appropriately

C. Willing to pay the suitable price

D. Only care the price rather than material

#### *Other Opinions And Suggestions*

What are you dissatisfied with the taste, packaging, function and other aspects of tea drinks on the market? Or what do you want to improve the tea-based herbal drinks? (Please brief description it.)

\_\_\_\_\_

What good suggestions or ideas for the taste and formulation of tea herbal drinks?(Please brief description)

\_\_\_\_\_

Thank you again for your support and cooperation in our work! Wish you a happy life!





## **Annex B-Product Samples and Formulas**

Herb In rely on the concept of "medicine and food have the same origin" launch a series of herbal health tea drinks.

The following are examples and formula descriptions of some products:

### *Product 1: Refreshing and Moisturizing Licorice Tea*

Formula: Glycyrrhiza Uralensis, Citrus Sinensis, Mint, Hawthorn

Effect: Clearing heat and moistening lungs, promoting digestion

Taste description: Sweet with a hint of fragrance, suitable for summer consumption, cool and refreshing

### *Product 2: Liver Nourishing Chrysanthemum Wolfberry Tea*

Formula: Chrysanthemum, Wolfberry, Jujube, Mulberry Leaves

Effect: Improve vision, nourish liver, and nourish kidney qi

Taste description: Sweet and fragrant, suitable for daily health promotion, especially for white-collar workers who face computers for a long time

### *Product 3: Warm and Tonic Jujube Longan Tea*

Formula: Longan, Jujube, Wolfberry, Codonopsis Pilosula

Effect: Nourish blood and qi, regulate complexion

Taste description: Warm, sweet and mellow, especially suitable for drinking in autumn and winter, warming the body

### *Product 4: Sleep Aid Lotus Seed Lily Tea*

Formula: Lotus Seeds, Lily, Poria Cocos, Longan Flesh

Effect: Soothing and aiding sleep, nourishing yin and clearing heat

Taste description: Light and sweet, suitable for drinking before bedtime, helping to relieve anxiety and improve sleep quality