

國立臺灣大學管理學院企業管理碩士專班

碩士論文

Global MBA

College of Management

National Taiwan University

Master Thesis



泰國客製花草茶商業發展計畫

The Development Plan for Customized Tea

Business in Thailand

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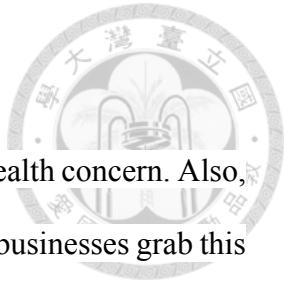
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中華民國 108 年 6 月

June, 2019



ABSTRACT



In 21st Centuries, healthy trend is increasingly popular due to health concern. Also, there is the boom of Taiwanese product in Thailand. Therefore, many businesses grab this opportunity launching healthy beverages and desserts selling at high price due to the high demand. Therefore, we plan to come up with the business plan offered affordable price for daily healthy beverage.

With the advance of technology, the asset light business model is considered to minimize the investment. Therefore, the objective of this business plan is to study the possibility of investment in this asset light model using online website as the main channel.

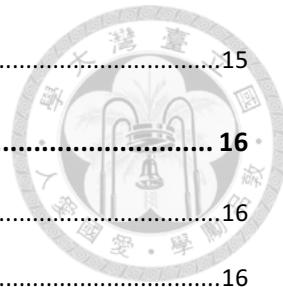
We are introducing the personalized tea blend, even in the office, you are able to blend your favorite recipe by fingertips. With your own creativity, drinking tea with neither sugar nor milk is not boring anymore. From anxiety relief, detoxification to even the serious diseases like cancer, benefits of ingredients can be chosen to match your need.

In this business plan, we conducted the analysis of PESTEL, PORTER's five and SWOT, the in-depth interview, and the feasibility analysis to see how practical the business model is.

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CHAPTER 1 Executive Summary



In order to make healthy living possible for everyone, we come up with the idea of letting the customer design their own cup of tea online in order to be more motivated in living healthy lifestyle. We mainly sell Taiwanese loose-leaf tea blended with Thai herbs, dried fruits and aroma ingredients.

Tea is the healthy beverage containing a pack of benefits, and the tea market in Thailand is significantly growing along with healthy trend. Therefore, we focus on the female working people who have the difficulty in finding the preferable taste of healthy or low-caffeine beverages.

Online channel is mainly used in our business, since we aim to do light-asset and minimize the initial investment. Technology will be focused to make sure that the operation can run with the minimized employees. Moreover, the calculation of project feasibility shown that the initial investment is less than 500,000 THB, which is relative to the goal of setting up this business as the light asset investment. Also, the payback period is less than 1 and a half year for the worst case.

Regarding to our focusing segmentation as working women, there are still no big player dominating this segmentation in the healthy beverage market. So, we see the possibility to jump in this market with the unique value proposition; the affordable price, customized product, convenient way of drinking and lastly community. We believed that these four factors will help the business success in the long-term. Moreover, we do care about our world, so the marketing strategy is created along the concept of making the world healthier as giving partial sales to the cancer immunotherapy fund.

CHAPTER 2 Introduction of The Business

2.1 Background of the business

The change in lifestyle means the chance for introducing new business ideas. Therefore, lots of new business concept have emerged in these past decades. Some business ideas are really amazing, some are good but not good enough to survive in the fast changing business environment. It depends that how fast the business can respond to the new customer's need and how right the solution is. Thus, this business plan tends to capture the currently popular trends and combine as one idea to solve the existing need. Four trends are mentioned in this chapter.

First of all, same as other countries, healthy food in Thailand is not only the niche group anymore as more and more people tend to change to eat healthier food. According to World Health Organization(WHO), healthy food includes the following lists (World Health Organization,2018);

- Fruits, vegetables, legumes, nuts and whole grains
- Less than 10% of total energy intake from sugars
- Less than 30% of total energy intake from fats
- Less than 5 g of salt

The goal of being “Healthy” is defined into two perspectives; long-term and short-term. The long-term goal is to live longer and to reduce the risks of serious diseases such as cancer, diabetes and heart diseases. The short-term goal is having a good shape and maintaining a healthy weight.

Secondly, sugar reduction has recently been one of the discussion during the Asia-Pacific (APAC) meeting due to the healthy trend. This trend directly reflected in the change in value number of products/services in many business sectors. As you can see from the significant change in the value of ready-to-drink tea in Thailand, the value of ready-to-drink



tea in 2017 has continuously decreased by 22.6% from 2013, while the value of high quality tea and healthy tea is still growing well (Mathichonweekly, 2018). It is shown that people chose to consume less-sugar tea rather than sweet ready-to-drink tea.

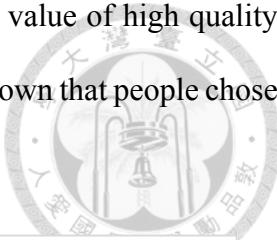


Figure 1: The value of ready to drink tea in Thailand between 2013 and 2017

Source: <http://fic.nfi.or.th/MarketOverviewDomesticDetail.php?id=182>

Moreover, there was a statistic that google search for low-sugar diet are over taking low-fat diet (Olga Khazan, 2016). It is clear that people has increasingly interested in non-sugar or low sugar dietary. There is also an evidence-based research said over consumption of sugar can lead to many serious diseases rather than obesity, such as heart disease, type 2 diabetes and cancer. (Jillian Kubala, 2018). Therefore, it is clear that non-sugar or low sugar dietary has been increasingly popular for these recent years.

However, Thai people addict to sweet taste as Global Agricultural Information Network stated that the daily average of sugar consumption of Thai people is 26 teaspoons per day, which is higher than the suggested sugar consumption by 4 times (Oliver Languepin, 2015). The sources of overconsumption come from beverages as 50 percent of sugar production in

Thailand is used for beverages industries (Thaipbs, 2016). According to DR.Napaphan Viriyautsahakul, Director Bureau of Nutrition, she informed that most of popular Thai beverages contain sugar more than the suggested sugar intake.

- Sparkling water (325 ml can) 8-10 teaspoons
- Lemon Honey green tea (500 ml bottle) 12 teaspoons
- Herb bottled Tea (380 ml bottle) 10 teaspoons
- Coffee and tea (Medium cup) 9-10 teaspoons

Thirdly, waste reduction is one of the coming trend in 2019 that expected to shape the food and beverage industries of Asia Pacific Region as the rising consumer awareness of sustainability. Thai Government also has an intention to change the country into a "zero-waste society" as stated in government's 20-year Digital Economy and Society Development Roadmap (Komsan T,2018).

Lastly, the social e-commerce is rising as many companies moved beyond e-commerce website to sell via social media channels. China's E-Commerce Sector gains 20% of the global market share, while ASEAN countries' market share has only 1-2%. That means there are chances to grow by 10 times compared to now. The value of Thai e-commerce grew 14% in 2018, and it is expected to grow by 20% per annum (Suchit L, 2019). Moreover, Trend of selling food online has dramatically increased for the past year, while offline sales has decreased 20-40%.

2.2 Business Concept

The business started with the idea of combining the impression of Taiwan and what Thailand is good at. Therefore, Taiwanese tea and Thai herb are the selected choices since both are identical products of their own countries in terms of stories and qualities. The business concept is let the customer design their own cup of tea online regarding taste and specific

personal health problems. There are ranges of loose-leaf tea, herb, dried fruit and aroma ingredients. The website also filters blended ingredients according to preference. Moreover, all brewing instruction will be delivered with the product. Apart from blended tea, selected stylish tea accessories for convenience are offered for the purpose of convenience and simplicity. The main channel will be online website due to the technological trend and fast-paced lifestyle.

With all the concept, we aim to change the perception of traditional Chinese tea culture and create the new modern way of enjoying your own cup of tea while sitting in the office. Moreover, what make our brand different from other tea shops is our community. We purposely build the website as the community, where tea knowledge, healthy lifestyle and all favorite recipe can be shared through the community in order to motivate people to drink healthy beverage.

CHAPTER 3 The Market Research

To test the concept of the business towards the four Ps Model, composing of Product Price Place and Promotion, we conducted in-depth interview and market test for qualitative data, as well as analysed the secondary data from past researches and findings for quantitative data.

3.1 Market test of Minimum Viable Product and In-depth interview

3.1.1 Sampling Method and Sampling size

For this research, we selected 8 interviewees by purposive sampling method. The sampling group are diversified in terms of lifestyles, ranging from 21 years to 56 years. Also, the research sample is categorized into two groups based on aging based on Generational theory popularized by Strauss and Howe as these two groups have different kinds of thinking and lifestyle.

- Group X represented by 2 women from Generation X (People who born between 1961-1981)
- Group Y represented by 6 women from Generation Y (People who born between 1982-2004)

3.1.2 Interview Method

Firstly, we come with the idea of selling infused tea online. Therefore, our Minimum Viable Product (MVP) used Taiwanese Black tea, Oriental Beauty Oolong tea or Dong-Ding Oolong tea infused with various kinds of tropical fruits, such as watermelon, pineapple, apple and orange. After brewing tea in hot water with the suggested temperature and time according to each type of tea, we put fruits inside brewed tea at room temperature and left brewed tea in the refrigerator for 3 hours up to overnight. We served in the bottle that has tea strainer at the

bottom. Apart from market test, we also conducted in-depth interview questions towards behaviours and the concept of the business as in Appendix I.



Figure 2: Minimum Viable Product (MVP)

3.1.3 Interview Results

Interview results of Group X towards personal information and drinking behaviour

Two of them has the salary more than 24,000 THB, with the bachelor degree. They both live outside of Bangkok. Both are interested in healthy product, which sometimes affect the emotional level if they consume non-healthy product. One of them consider herself as the tea lover, who brews tea every day, especially for health benefits. The other drinks ready-to-drink green tea as refreshing beverages 2-3 days per week. However, there is no specific brand for choosing tea, depending on the convenience.

Interview results towards Minimum Viable Product (MVP)

Both said the idea is interesting, and the taste of tea and fruits go well together. Even one of them is caffeine sensitive, she has no sleeping issue after consuming our tea.

Interview results of Group Y towards personal information and drinking behaviour

Six of them has the salary more than 24,000 THB, with at least the bachelor degree. They all live inside Bangkok. Most of them do not regularly exercise. The only one who exercises 3-5 times per week and interested in healthy food, considered herself as not a tea lover. Bottled green tea is the most favorite tea product, which is drank specially for health benefits. Out of 6 people, only a person drinks tea 3-4 days per weeks for the purpose of awakening during afternoon. Others also drink tea in the afternoon or in the night for around 1-2 days per weeks for the same purpose. Milk tea is the most favorite menu. However, respondents all agreed that they were interested in drinking tea without milk due to the benefits of tea, especially for cholesterol reduction and weight control.

Interview results towards Minimum Viable Product (MVP)

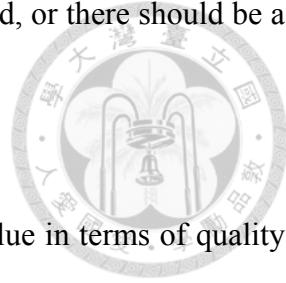
All interviewee said that it was a good idea, they have not often seen either the tea with the fruit or even the brewing tea in Bangkok. However, most of them agreed that the colour of fruits soaking in the water is not attractive. Unexpectedly, they all have not tried infused tea before, and the benefits of infused water have not clearly been understood. However, they all said that tea had a good and clear smell compared to others sold in the market but the taste of fruits is not strong enough. Also, the taste of Black Tea/ Oriental Beauty Tea Oolong Tea is too light.

Interview results of both groups towards the four Ps Model

Product

The idea itself is attractive because it is new to the market. However, the blend between the tea and fruits is still need to research and study in order to get the perfect recipe. We found out that apart from taste, tea aroma is the key factor of the buying decision. Moreover, Taiwanese tea is perceived as a good quality of tea, and can attract the interests. According to the packaging idea, they all agreed that idea of zero-waste should be applied in the business nowadays. Just one of the respondent worried that customization will make her a hard time

choose blended tea. Therefore, lots of reviews are needed to be provided, or there should be a default best-seller menu suggested.



Price

According to the interview, we found out that the perceived value in terms of quality are the most important. They are willing to pay extra for high quality and good taste of tea.

For three containers of tea leaves blended with herbs with the stylish tea ware, they are willing to pay approximately 460 THB to 1000 THB.

Place

This interview explored the idea of online tea business, moving away from the traditional offline tea shop business. With the review mechanism, it is probably work as the online shopping arises to be a part of people's life. However, as three people of Group Y agreed that the appearance of tangible products still plays the important roles in decision, Pop-up stores are going to be opened. Also, two people of Group X are not reluctant to buy, if the website is friendly enough. Overall, with the innovative idea as the customized tea, they are willing to try buying online even they have not tested before, and re-purchase will occur if taste is good. Along with the rapid urban lifestyle, we found out that convenience is still be the key factor in buying decision.

Promotion

We found out that infused beverage is in the early introduction cycle in Thai markets, so customer education is largely needed. For Group Y, social media and the reviews are definitely affected the decision. Pop-up stores and social media influencers are suggested to introduce the product to the market. From the interview, weight loss and fat loss are two clear perceived tea benefits. Benefits of cancer and diabetes are not heard before, which they said that they will truly believe only if there are enough research to prove the hypothesis. However,

they still want to drink brewing tea because the perception of tea as the healthy beverage are no need to be advertised or educated.

3.2 Secondary Analysis from Past Research and Findings

Demographics such as age, education and occupation; and overall cultural background, as well as psychological attributes have an increasingly greater influence on tea consumption more than economic factors as one analysis indicates that both black and green tea are price inelastic (Kaison Chang, 2016).

3.2.1 Aging

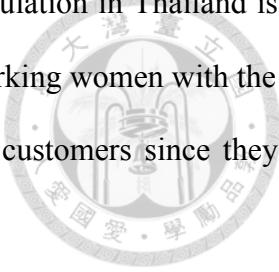
There are many researches regarding the relationship between generation and the behaviour consumption. Generation Y has the financial purchasing power to consume at such a young age. Their decisions rely on logical reasons mixed with the emotional feelings, along with related information on the internet. Generation X has the money saving to consume for convenience, social status and health. Interest and opinion leads to the final decision. Generation X and generation Y used internet 7.6 and 6.3 hours per day respectively, referring that there is the transition of lifestyle.

One of the mutual interests among two generations is health. Mintel, a global provider of market research, said 79% of consumers around the world want better nutrition. In Thailand, 48% have planned to achieve good health in 12 months. While another survey conducted by UBM Asia (Thailand) stated that over 80% of survey respondents were willing to pay higher prices for healthy and chemical-free dietary.

3.2.2 Gender

According to Bloomberg report, it is found that 85% of consumer products including healthy products and groceries are designed by women, leading to the trend of She-marketing, which is the business that focus on women. Moreover, this segmentation considered as the

large group as the statistical data shows that the number of female population in Thailand is outweigh the male population. Apart from that, especially the single working women with the high education background considered as the high purchasing power customers since they focus on spending for her own happiness and her family.



Estimated population at Midyear 2019 (x 1,000)	Male	Female	Total
Total Population	32,454	33,780	66234
Population by region : Bangkok Metropolis	3,998	4,320	8318
Population by age group : Labor force between 15 and 59 years	21,357	22,072	43,429

Table 1: Estimated Population of Thailand in 2019

Source: Midol Population Gazette

People with the high income are more likely to afford healthy and nutritious meals, as Summary Health Statistics for U.S. Adults: National Health Interview Survey revealed that poor adults are almost five times as being in fair or poor health as other groups of income level (Steven H. Woolf, 2015). In Asean countries, Monthly household income above 18,000 THB is mostly considered as middle or high income according to Hakuhodo Institute of Life and Living ASEAN. According to the standardization of Socio-Economic Status (SES) classification in Thailand market research industry as shown in table 2, Medium to high income families, which is considered as above C- class, stand for 62% of population living in Bangkok (Jirayut P., 2018).

Class	Salary	Percentage
E	0 - 7,500	6%
D	7,501 - 18,000	32%
C-	18,001 - 24,000	14%
C	24,001 - 35,000	16%
C+	35,001 - 50,000	12%
B	50,001 - 85,000	12%
A	85,001 - 160,000	6%
A+	160,000+	2%

Table 2: SES Classification of People Living in Bangkok

Source: Standardization of Socio-Economic Status (SES) Classification in Thailand Market Research Industry

3.2.3 Market Consumption and Trend

Tea sector in Thailand has expanded by 4.16 percent per annum from 2010 to 2014, which valued as 2,626 Million Bath in 2014 (Food Intelligence Center, 2014). Moreover, the trend in the tea sector is along with the overall healthy food and beverage trend as an increase by 9.1% per annum for the past 5 years, while the overall food and beverage market's growth is just around 3-5% per annum (Food Intelligence Center, 2018). However, tea currently accounts for just 6.4 percent of total hot drink value in Thailand. Moreover, the proportion of drinking tea in Thailand in 2016 is 0.93 kilograms per capita considered as very low rate compared to the highest proportion in the world, which is Turkey as 7.54 kilograms per capita (Food Intelligence Center, 2015). The number implied that there is still a large opportunity for tea business expansion in Thailand, since the market is still small compared to other countries.

In 2014, Green tea represented up to 54% in the Camellia market, while black tea accounted for 45.6%. According to Report of the Working Group on Global Tea Market Analysis and Promotion, Green and black tea will still be major forms of tea. However, instant tea, flavoured tea, decaffeinated tea, organically-grown tea, foamy tea, herbal tea, ready-to-drink tea are developed for adding value to the product. Moreover, food and bakery industry also currently uses tea as ingredients, such as tea-rice, tea-noodles, tea-cake, tea-biscuits, and tea-ice cream (Food and Agriculture Organization of the United Nation, 2016). Moreover, the report also stated that bagged tea has been popular recently due to convenience over traditional loose tea. Each country has different tea preference as shown in Table 3 below.

Types of tea	Countries
Iced-tea	USA
Fruit flavoured tea	Europe
“Foamy” tea	Taiwan
Herbal tea	USA, China, Japan, Thailand
Ready to drink tea	Japan, USA, Taiwan (in cans)

Table 3: Tea Preferences in Different Countries

Source <http://www.fao.org/economic/est/est-commodities/tea/tea-meetings/en/>

3.3 Main issues from the research

1. Instead of selling ready-to-drink infused tea in the introducing period, we decided to sell tea leaves mixed with herbs and dried fruits, and let the customers brew it themselves according to our advices and recommendations. Therefore, it is the customers' options to drink as the infused tea, fruit tea or pure tea.
2. Model of customized blended tea online are attractive due to the new concept of tea shop. Also, convenience is the key regarding buying beverages.
3. Social Media and health interests are the mutual factor that connected Generation X and Y together. Therefore, quality-based product and product information are important factors.
4. Women is the attractive niche market since they are ready to pay for whatever making them feel great with themselves.
5. Trend of healthy lifestyle are expected to grow at least for the next decades as the change in consumer behaviour and the coming of aging society.
6. The expansion of related-tea product can be other option for customers.

CHAPTER 4 Market and Business Analysis



4.1 Industry Structure

Tea ranked as the second most popular drink in the world, after water. It has been popular for over 4000 years. Chinese people have consumed tea to treat different conditions over centuries. However, Thailand does not have the exact drinking tea culture, the main player in the tea market seems to be ready-to-drink bottled green tea. However, the value has decreased due to the healthy trend, which leads to the greater sales of hot tea or herb tea. In this analysis, we classified the brewing tea as the different market from the milk tea due to the different purpose of drinking. People drink milk tea for the need of dessert, but brewing tea is for refreshment and a cup of benefits.

4.1.1 Benefits of tea

Tea is a rich source of flavonoid antioxidants from the polyphenol family, which positively impacted to the body. Although all type of tea comes from the same species of “*Camellia sinensis*”, the variety of leaf, the growing environment, processing and manufacturing methods classify tea as White tea, black tea, Oolong tea and Green tea. Recently, there have been many studies regarding benefits of tea, which are listed as the follows;

- Cardiovascular disease: “Of all the potential benefits of tea, those involving cardiovascular disease are the most promising” said Jeffrey Blumberg, Ph.D., professor of nutrition science at Tufts University and chairman of the tea symposium. Moreover, most researches show that tea can slightly lower cholesterol and blood pressure, as well as improve blood vessel functioning, reduce inflammation, and inhibit blood clotting.

- Diabetes: The main health-promoting substances in tea are polyphenols, catechins and epicatechins. Moreover, Harvard studies have found that tea or coffee drinkers are at lower risk for diabetes.
- Cancer: There are many theories as how tea polyphenols may have anti-cancer effects by inducing cell suicide in cancer cells and by inhibiting insulin growth factor (a protein involved with cell proliferation).
- Weight control: It's theorized that catechins and caffeine help encouraging fat burning, at least slightly and temporarily for the purpose of weight control (Berkeley Business, 2014).
- Brain health and mood: Tea may also help enhancing concentration and learning ability because of its theanine (an amino acid), which simultaneously stimulates relaxation.

Although there are many researches supported that substances found in tea linking to a lower risk for those serious diseases, there are still mixed finding of the result. However, tea as a high anti-oxidant and low-calorie beverage appears to have no harmful effects, and boost the good health (Harvard Men's Health Watch, 2014).

4.1.2 Benefits of herbs

Herbs has been played the major roles in Thai Society for decades since the weather is suitable to growing herbs. Therefore, it is the opportunity for Thai business to develop the product and process to add value to the product, such as herbal tea. Each herb gives the unique taste and its own benefit, the examples of herbs with benefits are listed as follows:

- Pandan: Diabetes, High blood pressure, and also the aroma therapy
- Bael Fruit: Sex enhancement and General health promotion
- Ginger: Cold, Nausea and Flatulence
- Lemon Grass: Flatulence, Degassing stomach, Promotes digestion

- Rosella: High blood pressure

Moreover, Herbs are used in the Thai traditional for healing the specific disease, such as insomnia.



4.2 External Analysis- PESTLE

A PESTLE framework is used to understand the macro influences that have an impact on the business.

4.2.1 Political factors

Unstable political situation in Thailand shapes the development and the economy of Thailand. There are many criticisms towards the military government (Aug 2014 – March 2019) performance during the past five years. However, they try hard to push “Thailand 4.0” as a strategy to drive the overall economy and change Thailand to be the developed country, by using technology to create more productivity (William Pesek,2018). As Small and medium sized enterprise(SME) is one of key factors moving the country forward and making this model success. Therefore, apart from financial support, government also comes up with a consultancy project to improve SME’s knowledge and competency in order to upgrade Thailand’s economy (Kwanchai,2017). In this era, innovation is the key factor that will strengthen the value of the business.

4.2.2 Economic factors

The momentum of economy in Thailand has really relied on the stable of political situation. However, according to World Bank Group Report in 2019, Thailand is considered as upper-middle income country, with the lowest levels of extreme poverty as measured by the International Poverty Line (IPL). The economy is driven by strong domestic demand, with the inflation rate of 1.5% which is considered a low rate as the government ’s targeted range is between 1 and 4. Although the exported growth affected by the US-China trade war led to the slowdown in GDP growth, Thailand is still served as the dynamic market.

4.2.3 Social and cultural factors

“Currently People are seeking equilibrium in all aspects of their lives – between humans and technology, brand and personal, global and local” Jo Allison, editor of a new study by global ethnographical market research firm Canvas8 wrote. Therefore, there are many consumption trends coming in this near future relating to this idea.

Firstly, Responsible consumerism will go popular. Consumers will seek more to the brand that help them choose more responsible choice regarding social and environmental issues.

Secondly, food healthy eating is in the forefront. “Consumers are more interested in food as preventative medicine because they realise their diet is a big component of their health so there’s an increase desire to know what they are eating,” shares Megan Poinski, senior Food Dive editor. Apart of nutrition, “Healthy eating” also include the earthy flavour, which is no artificial ingredients added.

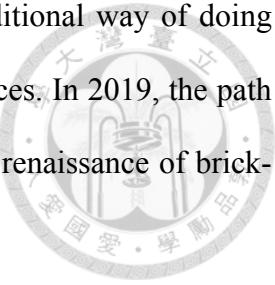
Thirdly, according to demographic perspective, the world is going towards the aging society as one-fifth of the world population are getting old. Apart from that, the HENRYs — high-earners-not-rich-yet, which is a young group of people with the high purchasing power, which is believed to be the future of the business.

Current trends seem to support the business model. However, Thailand has not developed its own Tea culture, most of tea culture is driven by Chinese tea tradition and Chinese tea preferences.

4.2.4 Technological factors

Technology like Artificial Intelligence(AI), Internet of Things(IOT) and Augmented analytics are coming trend. In term of marketing, the advance of technology helps the business access customers in the easier way. The power of internet makes the world more open and gets closure, so the news spread across the globes quickly. Therefore, the business has to adapt itself to survive in the digital transformation era. However, innovative technology should not be

only used to replace the physical emotion. Digital technology and traditional way of doing business should be combined to provide customer the ultimate experiences. In 2019, the path of online shopping will meet the physical retail, which may lead to the renaissance of brick-and-mortar stores (Pamela, 2019).



4.2.5 Environmental factors

People concern more about environment since they believe that the environmental issues worsen the quality of life. Therefore, the demand of environmentally friendly product is increasing since consumers start to challenge the brand toward plastic waste. As one survey revealed that 66% of the survey group agreed to pay extra for sustainable environmental management (Tetra Pak, 2018).

4.2.6 Legal factors

Growing concern about the impact of sugar is putting pressure on governments and related organization to introduce sugar taxes with a goal of reducing overall consumption of sugar. This tax policy directly increased the price of the ready to drink tea, which creates more opportunities for non-sugary or low-sugary products to grab the market share in the beverage sector.

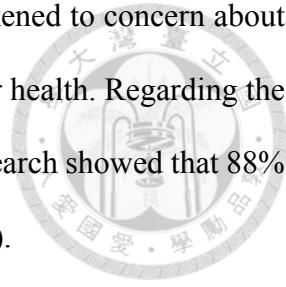
4.3 External Analysis – PORTER’S FIVE

The model of Porter’s five forces, developed by Michael E. Porter (Harvard Business School) is used to understand the competitiveness of the blended tea-leaf business. The model includes bargaining power of customer, bargaining power of suppliers, threat of new entrants, threat of substitutes, and rivalry among existing firms

4.3.1 Bargaining power of customer: Medium-High

Talking to only the beverages itself, customers has the high bargaining power in terms of low switching cost, low product differentiation and low brand loyalty. However, healthy

lifestyle pushes tea business be an attractive market as people are awakened to concern about their dietary and health, so they are willing to pay higher for their better health. Regarding the price, people are not much sensitive to the healthy beverages as one research showed that 88% of survey group agreed to pay more for healthier food (Tetra Pak, 2018).



4.3.2 Bargaining power of suppliers: Low

For our business, the main supplier is the Taiwanese tea farmers. The Executive Yuan stated “In 2015, 14,405 tonnes of tea valued at NT\$6.83 billion (US\$214.11 million) were harvested, of which only 4,496 tonnes were exported” (Executive Yuan, Republic of China (Taiwan), 2016).

According to the new southbound policy, Taiwan’s government supported the cooperation between South-east Asia countries and Taiwan in term of agriculture sector. Therefore, many of tea plantations opened the door for foreigners, so it is not dominated by only one giant tea distribution. Moreover, since we didn’t aim to sell high-end tea, technology and specialty are not much different between each supplier, leading to low supplier switching cost and low supplier power.

4.3.3 Threat of new entrants: Medium-High

Tea market in Thailand is emerging market due to the increase in Tea popularity, so it is really open for new entrants to jump in due to the low capital investment. New entrants mostly focus on taste, aroma, and tea quality which are not enough for product differentiation. Therefore, rather than the taste, branding is necessary for building the loyalty in the long term, which requires a large amount of advertisement expense.

4.3.4 Threats of Substitute Product or Service: Medium

Considering the beverage industry itself, the substitute availability is considered as high since there are plenty of options including water, juice and coffee. Also, the switching cost is

low. However, the beverage industry is large, composing of many niche segments. Especially, the healthy beverages still have the limited option in the market.

4.3.5 Rivalry among existing firms: Medium

The industry growth considered significantly high due to the health concern. The well-known and large firm are aggressive launching new products to grab the market share of this growing market. However, compared to coffee industry, the competitors are fewer. Also, each business selected different segmentations ranging from the street vendors' brewing tea, ready-to-drink tea, milk tea, and high-ended tea. For example, TWG Tea Salon& Boutique from Singapore clearly selectively segmented to high-end tea drinkers. We analysed the competitors, which have nearly the same product and segmentation with our business.

1. Itoen Brand



Figure 3: Itoen's Tea Leaves/ Tea Bags/ Instant Tea

Sources: <http://www.itoen-global.com/contents/en/oiocha/>

Oi Ocha, the Japanese Brand from Itoen, offers ready to drink green tea, green tea bag, and instant green tea powder. With the concept of natural, healthy, safe, well-designed freshly taste and aroma of tea, it becomes the healthy option for working people.

Strength

- Easy to buy/ Easy to make
- Cheaper prices due to economy of scale
- Good quality of green tea

- Well-known Brand from Japan

Weakness

- No product varieties

2. Twining



Figure 4: Twining 's Discovery Collection

Source:<https://www.twinings.co.uk/about-twinings/latest-news-and-articles/twinings-discovery-collection>

Twining are the first brand that innovate and sell tea bag in 1956. This England-based company has established for more than 300 years as the high-class English tea. Earl Grey tea is the famous formula developed by twining, and being well-known for decades. Through the non-stop development, Twining serves varieties of tea including blended green tea and cold infused green tea.

Strength

- Easy to buy
- Cheaper price due to the economies of scales
- Wide ranges of products

Weakness

- Generalized Taste, which sometimes does not match to Asian people
- Less nutrients and flavours, because tea leaves needed to be cut to pack in the bag

- Low brand awareness due to long heritage brand

3. Teavana



Figure 5: Teavana's Tea

Source:<http://www.theeditorsociety.com/2016/2016/09/21/my-teavana-moment/>

In 2012, Starbucks, American coffee company and coffee house chain acquired Teavana, premium tea chain store, to ally with the new vision of being more than coffee shop and creating ultimate experiences including products, services and innovation. Therefore, Starbucks aims to grab more market share of non-coffee sector. Starbucks presented a modern way of drinking tea by coming up with creative menu, such as Matcha & Espresso Fusion, Black Tea with Ruby Grapefruit and Honey, Iced Shaken Green Tea with Aloe and Prickly Pear and Iced Shaken Hibiscus Tea with Pomegranate Pearls. In Thailand, Teavana products are sold in 275 Starbucks branches and 5 flagship stores throughout the country. Moreover, tea is still served in sachets, that can keep the original tea taste.

Strength

- Strong Brand Image
- Cosy environment for enjoying a cup of beverage

Weakness

- Generalized standard for crafted beverages, which is not suitable to the local preferences
- High price especially as to-go beverage
- Brand identity as the shop selling coffee



4. Kamu



Figure 6: Kamu's Fruit Tea Line

Source: <https://www.facebook.com/kamukamu.tea/photos/pcb.1351409841573052/1351723064875063/?type=3&theater>

Kamu Tea is a Thai Brand which has operated for about 6 years, with 30% sales growth in 2016. Kamu is focusing on the varieties of menu including different kinds of topping. They entered the market with milk tea, and developed other menu to serve the customers varieties of products. They also focused on the varieties of topping as the name of Kamu means chewing in Japanese. Regarding the trend of healthy drink, Kamu tried to launch pure tea without milk such as blackcurrant tea with crystal pearl, grapefruit greentea with Aloe vera and white peach green tea. Kamu Tea has expanded the business through 40 branches focusing the location which is near the office area and the skytrain/subway station. They focused the working people at first, before penetrating to the undergraduate student segmentation. They positioned themselves as the premium tea with the affordable price.

Strength

- Good taste, which is suitable to Thai people's preferences
- Varieties of products, and new products always introduced to the market
- Kiosk Location near the offices area



Weakness

- Brand image as the normal milk tea chain stores, which leads to low brand loyalty. The customers can easily change to other brands.
- Contained artificial fruit scents

5. Lemac%



Figure 7: Lemac%'s Tea

Source: <https://www.facebook.com/LemacTea/?rf=471728303320079>

Lemac% is the new tea brand as the healthy to-go cold-brew tea with the organic ingredients and low calories. Its kiosk locates at Central World, the famous department stores in the centre of Bangkok. There are eight flavours, with four of them is tea without milk. For example, tropical paradise is the mix between oolong tea, black tea, pineapple, peach, hibiscus and sunflower. The price is 120 THB for a bottle.

Strength

- Good quality of product with the strong taste of tea and nice aroma
- Stylish packages, which represents the high brand image of the brand

Weakness

- Expensive price for the cold brew tea without milk as the shop set the same price for both milk and non-milk tea.
- Only one location



Figure 8: Competitor Analysis

According to Porter's Five Forces Model, the attractive of the business is considered as Medium. However, with the support from the change in lifestyle, the government action, and the current low market share of tea in the hot drinks, make the industry still attractive. There is still a space for the brand with the right segmentation, unique concept, and sharp marketing plan to jump in and grab market share. Technological and environmentally friendly trends are two factors that can strengthen the competitive advantage of the business.

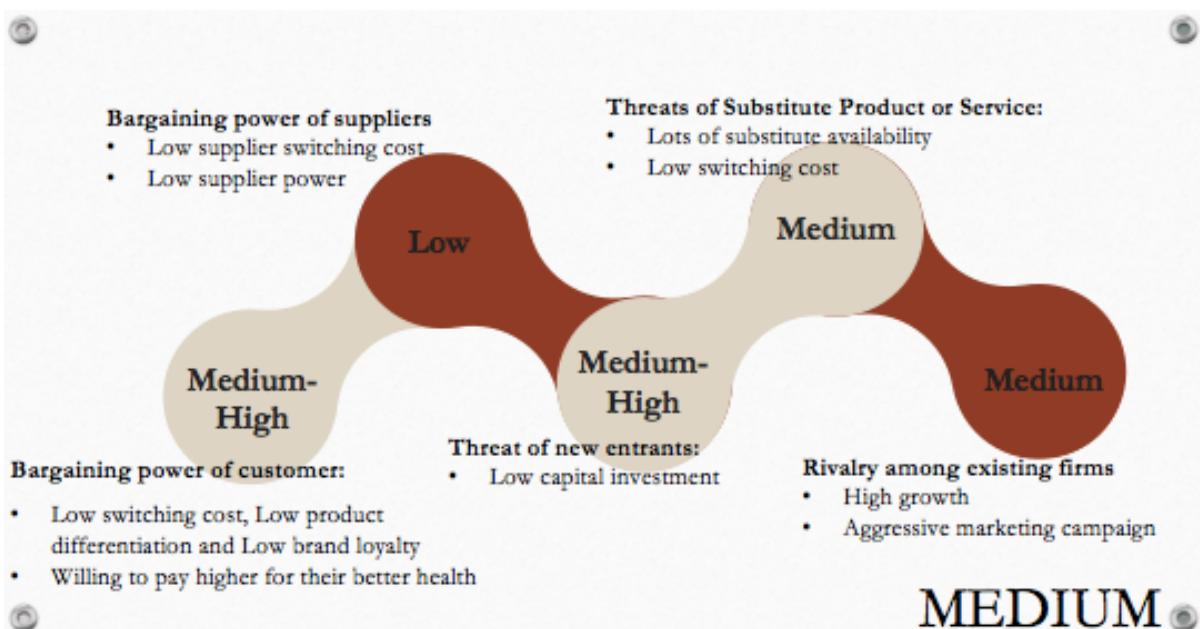


Figure 9: Porter's Five Forces Model

4.4. Internal Analysis - SWOT

Next, SWOT analysis is used to analyse the internal factor and summarize all the external factor affecting business in order to be able to execute the sharp strategic plan. Regarding to SWOT analysis, it includes strength, weakness, opportunity and threat.

4.4.1 Strengths of the business

- Customers can personalize the taste and aroma that suit to their taste with the affordable price.
- Customized product leads to the data analytics, which can help the business predict the trend and come up with the innovative menu.

- Customers can blend their tea wherever they are.
- We used full tea leaf, not tea bag sold for maximized benefits of tea.
- We provide finest ingredients, directly sent from the farm.
- Benefits of each ingredient and caffeine level are clearly defined.
- There is active contented marketing with the intention to provide the health knowledge and help the customer have the perfect cup.



4.4.2 Weakness of the business

- We have low experience in blending and brewing tea.
- The final products are not sold, the customers have to brew the tea by themselves, so it may not convenient as the ready-to-drink tea.

4.4.3 Opportunity of the business

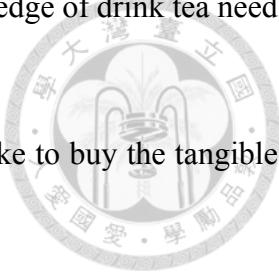
- People are willing to pay for the healthy product as people concern more about the health.
- The amount of people who have the high purchasing power are expected to increase.
- Tea market of Thailand has not saturated yet, seeing from the low consumption compared to other countries in the world.
- Information, news and the trends can spread quickly and widely due to the media development.
- There is large number of people who has caffeine sensitiveness.

4.4.4 Threats of the business

- The competition is high since the beverages are imitable product, and the barrier is not so high for new entrants to step in.
- Both new entrants and the large company will keep introduce the healthy beverage to grab the market share of growing market, so that means more options for people to choose.

- Tea market cannot rapidly grow because the culture and knowledge of drink tea need to be gradually accumulated.

- Regarding the traditional way of drinking beverages, people like to buy the tangible and ready to drink product.



CHAPTER 5 Business Model



5.1 Vision, Mission and Goals of the business

5.1.1 Vision

“To inspire people living healthy lifestyle and become customer’s first choice of healthy tea in Thailand”

5.1.2 Mission

We make people healthier by offering the enjoyable experience of drinking tea with the affordable price.

5.1.3 Goals of the business:

1st-2nd Year: Go for Bangkok Metropolitan Region (6 cities)

3rd Year: Go for 2nd tier city

5.2 Customer Profile

The value proposition canvas, initially developed by Alexander Osterwalder, is used to understand the need of customers and ensure that there is a fit between the product and the market.

We segment to all working woman seeking for healthy beverages, which we divided into two main groups; working women in Generation X and Generation Y.

Customer segment: Working women which in generation Y

Who are they?

- 27 years old
- Working woman in the office
- Her office is located in business area (traffic)
- Busy during the daytime
- Beverage Addicted people, but concern about the shape
- Caffeine-sensitive drinker



Purchasing decisions?

- New Taste
- Convenience
- Tasty
- Affordable
- Social Trend

Goals & pain points

They want beverage to wake them up but cannot drink coffee and do not want to drink those fatty beverage. Also, they have limited time to find a drink



Figure 10: Working Women in Generation Y

Customer segment: Health-conscious working woman in Generation X

Who are they?

- 55 years old
- Working in the office and nearly reach retirement
- Concerning about getting the serious disease
- Interested about what good to health
- Having low knowledge in technology but interested in using
- Seeking for joining the community



Purchasing decisions?

- Benefits from tea
- Quality oriented
- Reasonable price
- Convenience

Goals & pain points

She is concern about health and wants to try any alternative to lower the risk of getting serious sickness

Figure 11: Health-Conscious Working Women in Generation X

These two groups are significantly different in terms of pain points, which directly affecting the purchasing decision. We understand their need though analysis of customer jobs, pains and gains. However, we find a link of these two generation and summarize through value *proposition* design.

5.3 Value Proposition Design

The value proposition design summarized customer jobs, pains and gains of those two groups of customer.

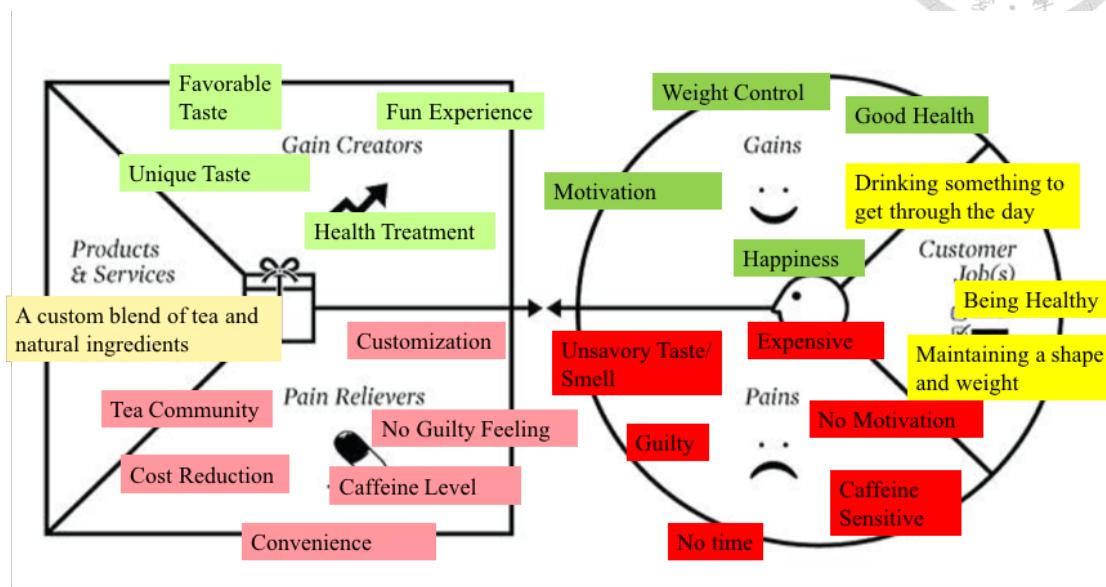
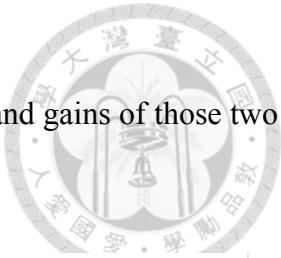


Figure 12: Value Proposition Design

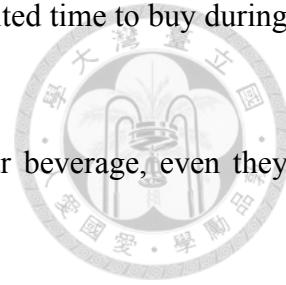
Customer Jobs

- Drinking something to get through the day
- Being healthy
- Maintaining a shape and weight

Pains

- Unsavory taste/smell: They know that tea is good for health, but do not like its taste or aroma.
- Guilty after drinking fatty beverages: There are many unpleasant emotional feelings occurred during working time, such as sleepiness and boredom, so beverages are needed to wake up or refresh. However, there are sometimes guilty feeling after drinking sugary beverages due to the concern of overweight and sugar overdose.
- Caffeine Sensitive: There are lots of people who cannot tolerate caffeine well. The overdose of caffeine consumption leads to many symptoms, especially insomnia.

- No Time: There is no time to find healthy drinks due to the limited time to buy during the working time.
- No motivation: There is no motivation drinking the non-sugar beverage, even they know it is good for overall health.
- Expensive: It costs lots of money to buy a cup/glass of tea every day.



Pain Reliever

- Customization: The customers can customize their blended tea to match their tastes and health problems.
- No guilty feeling: Customers can personalize blended tea as what they want, so the level of satisfaction will be exactly increased, also they crave to drink their own recipes. There is not only a strong tea taste and nice tea aroma, but also the sweet taste from herb and fruit. Therefore, customers can enjoy a cup of benefits with no sugar added.
- Caffeine level: Caffeine level of each kind of tea is well researched, and will be clearly stated. So, customers can choose the caffeine level that suits to their body.
- Convenience: With the online website, the customers can buy anytime and anywhere. Regarding brewing, with our tea accessories selected due to the convenience and simplicity purpose, customers can brew tea by just putting the leaf tea inside the bottle and drink.
- Tea Community: Tea community is created through the website to exchange knowledge and interested. Friends will be created via the community, and that is a good motivation to drink non-sugar beverage. There is also maybe the event after to make people know each other.
- Cost Reduction: It is always cheaper if a cup of tea is self-brewed. Also, it is almost impossible to buy all ingredient yourself, because those herbs are not sold in small portion.

Gain

- Happiness: Our products help customers feel more relaxing and refreshing after drinking, without guilty feeling or others caffeine affect. Also, new perspective of blending and personalizing their tea will motivate the consumers to enjoy non-sugar beverages.
- Weigh-control: Customers can control the calories intake, resulting in keeping shape and maintaining weight.
- Good Health: Customers can choose herbs according to the health issues.
- Motivation: Friends with the same interests can motivate them to enjoy their healthy lifestyle.

Gain Creators

- Favourable Taste: Customers can personalize their own blended tea, so they can choose their preferred taste since the base, whether they want fruity, herby or earthy flavour.
- Unique Taste: We delicately select the good quality of Taiwanese Tea, which each tea has different unique taste; for example, High Mountain Oolong tea presents their sweetness with floral and fruity scent. Also, with 50 types of herbs, dried fruits and aroma ingredients, more than 1000 recipes can be created.
- Fun Experience: With the provided ingredients, Customers can have fun creating their own blended tea to match the taste and health concern.
- Health Treatment: Undoubtedly, Herbs are used for the specific treatment for decades. Even though there's are still a mixed finding in real benefits of tea, at least tea is the healthy booster as developed throughout the centuries.
- Friends with same interest: More than selling beverages, we aim to create our website as community to connect people with the same interest and lifestyle together. Friends are the effective factor to motivate people to enjoy healthy dietary. People can share

recipes and stories via this tool. In the future, there may be brewing tea events to develop this connection to be more than an online friend.



Product and services

We provide not only a product, a custom blend of tea and natural ingredients, but also fun experience of personalizing own cup of tea.

We select the good quality of Taiwanese black and oolong tea directly from the farm in Taiwan, and provide as the tea base. Customers can choose tea base according to the taste preference, then choose herbs which fit to their health concerns. Also, flowers and dried fruits are also options for senses of aroma and sweetness. The website clearly explained health benefit of ingredients and advices to help the customer get their favourite recipes. Also, many stylish tea-related accessories are offered to facilitate customers brewing their tea in the workplace.

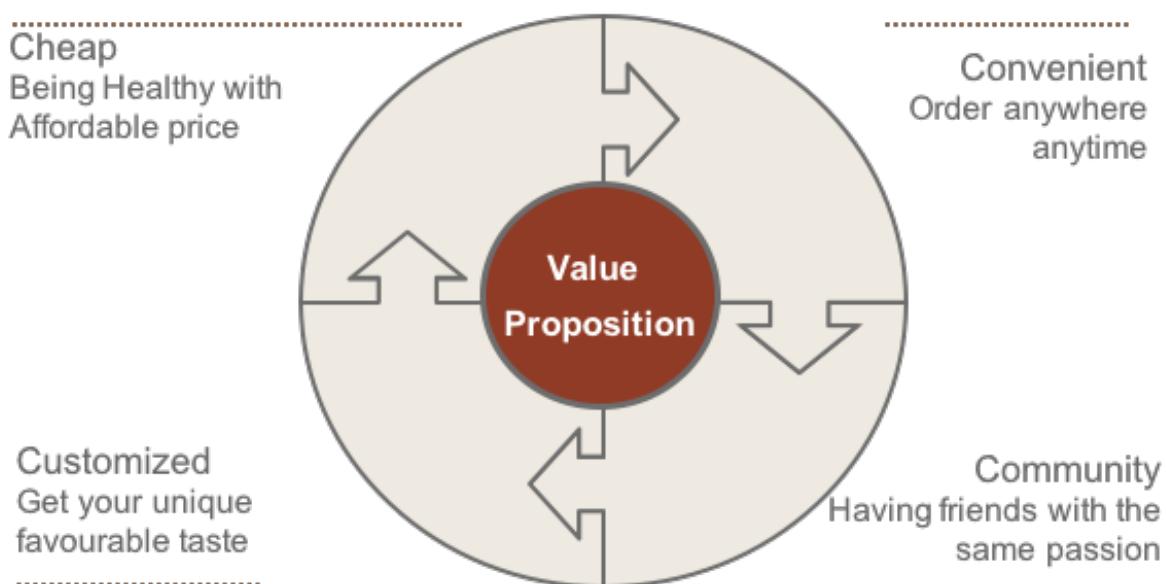


Figure 13: Value Proposition

5.4 Business Model Canvas

Business model canvas, developed by Alexander Osterwalder, is used to understand the overview of the business to further develop the strategy.

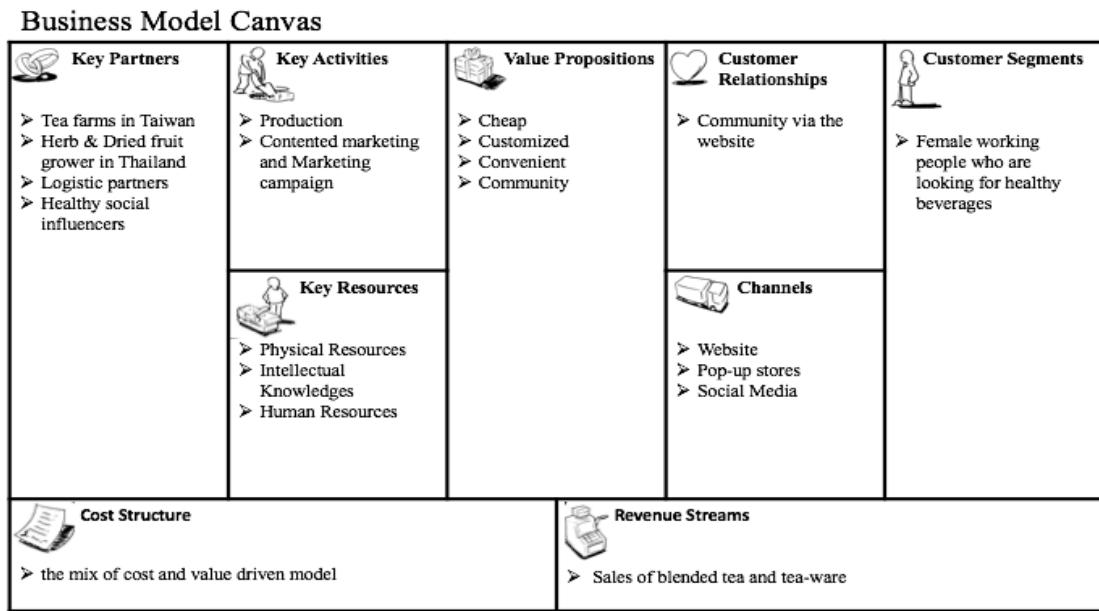
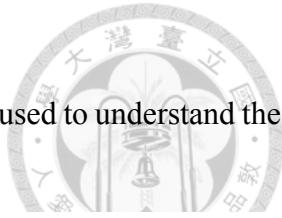


Figure 14: Business Model Canvas

1. Customer segments

Female working people who are looking for healthy beverages

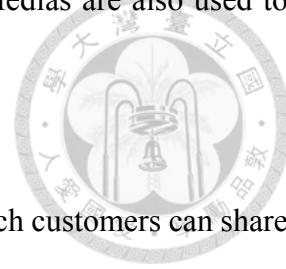
2. Value proposition

We sell a custom blend of tea and natural ingredients. From gain creators of value proposition design, we summarized favourable taste, unique taste, fun experience, health treatment and friends with same interest as “Cheap, Customized, Convenient and Community”, which are our value proposition.

3. Channel

Brick-and-mortar models are utilized. The main channel is online website as the direct channel to raise awareness, sell product and communicate with the customers. However, in order to maximize the experiences, pop-up store and flagship store are opened. Pop up stores, which is considered as the part of promotion, are set up to boost sales and increase brand awareness as the tangible product. Regarding flagship stores, we opened own house for

customers to have a real experience blending tea. Moreover, Social Medias are also used to create the social impact as described in 6.3-Marketing strategy.



4. Customer relationship

Rather than a website, we would like to build a community, which customers can share stories, recipes and comments. Moreover, there will be active staff clearly explains the tea benefits and gives advices for every step since choosing tea. Because all transaction is done via online, data analytics can be applied in this sense. Question and Answer section will be gathered to ease customers.

5. Key activities

According to production, the key activities consist of raw material supply, tea blend, tea-accessories production, product delivery, technology investment, research and development in order to follow the premises of serving the superior quality of tea. Regarding marketing activities, we divided in to contented marketing and marketing campaign. Contented marketing includes sharing the valuable knowledge through the created community. With regard to marketing campaign, promotions and events will be focused.

6. Key resources

Key resource can be categorized as follows:

- Physical resources mainly focus on the website, the sales systems, and the distribution network which includes the Taiwanese farm contacts.
- Intellectual knowledges compose of the perfect blended recipes
- Human resources are focusing on technology. We have the programmer who can create and maintain website for a low cost.

7. Key partners

The key partners in term of delivering the products include Taiwanese tea growers, Thai herbs growers, dried fruits stores, tea-ware company and logistic company. In term of

raising brand awareness, a business which has a mutual interests and healthy social influencers should be partnered up.

8. Revenue streams

Revenues mainly derive from the sale of blended tea and related tea accessories.



9. Cost structure

As we choose the online model as the main channel, cost driven model are utilized in selling and administration perspective. However, only the good quality of tea is chosen to serve customers. Therefore, our cost structure is the mix of cost and value driven model. So, we proposed customers the good quality product with the reasonable price. The main fixed and variable costs are listed as follows:

- Fixed costs: Website, Marketing costs
- Variable costs: Inventories, Shipping costs from Taiwan, Packaging

CHAPTER 6: MARKETING STRATEGY



6.1 STP strategy

STP strategy, composed of segmentation targeting and positioning, is applied to select the right customer segmentation in order to execute the sharp and focused marketing plan.

6.1.1 Segmentation

We used geographic, behavioural and psychological factor to scope down the targeted group.

Demographic Segmentation: Gender, Age, Education, Salary

Behavioural Segmentation: Frequency drinking tea/coffee

Psychological Segmentation: We divided into two main groups; Healthy lifestyle and Caffeine-sensitive

6.1.2 Targeting

Primary target:

- People who live in Bangkok Metropolitan Region
- Gender: Female
- Age: 22-58 (Labour Force within Generation X and generation Y)
- Education: Bachelor Degree or above
- Salary: Above 18,000 THB
- Behaviour: Need to buy some beverages during the working time to refresh or awaken
- Lifestyle: Developing healthy diet as the habit and seeking for new options of healthy beverage
- Caffeine-sensitive: Could not consume a large amount of caffeine or does not want to drink coffee in the afternoon or in the night.

Secondary target:

- People who follow the trend on social media wants to have experience a modern way of blended tea



6.1.3 Positioning

For the healthy seeker, who do need to change the lifestyle to be healthier in terms of health and shape, our product provides a good taste of tea, which can be personally customized to match your preference. Also, our website is a tool to motivate customers having fun with the healthy lifestyle.

6.2 Branding strategy



聞一聞

Figure 15: Brand Logo

The brand name is in Taiwanese character with the pinyin as the pronunciation. “聞一聞：wén yī wén” . Since the action of smelling is the first step of enjoying the cup of tea, and we believe that the good aroma of Taiwanese tea can change the perception that tea is not delicious.

Our moving teapot logo is designed to show the modern style of drinking tea. Moreover, the moving teapot also represents moving forward and making better, which matches with the campaign as “Healthy you, Healthy world”.

Unlike other brands, we focus on making healthy living possible for everyone, through the donation campaign. After consuming our product, the customers will be happy with no guilty for the beverages, and also can feel happier that they have returned something back to the society. Even the cost is higher, we aim to use the donating campaign as our core branding. The one who consume our product will show that they are the one who cares society.

6.3 Marketing Strategy

First, we utilized AIDA market communication model to be the outline of strategy execution.

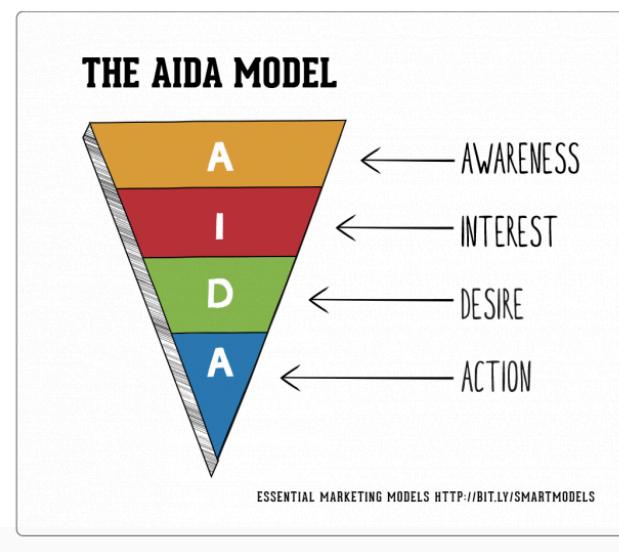


Figure 16: The AIDA Model

Source: <https://www.smartinsights.com/traffic-building-strategy/offer-and-message-development/aida-model/>

- 1) Grab an Attention
 - Creating brand awareness among the working women, as the excellent taste of Taiwanese Tea blended with natural ingredients, and as the brand who try to create the new experience of drinking tea
- 2) Make people interest in the brand
 - Utilizing social media and healthy influencer to create the social impact of drinking tea lifestyle

- Creating a community of tea drinkers for sharing the favourite recipes, reviewing the products and exchanging knowledges regarding health and tea benefits
- Communicating the brand identity along with the brand vison “Healthy you, Healthy World”. For environmental concept, Our Pop-up stores utilize the zero-waste concept idea, and encourage people to use tea-ware in brewing tea. For helping society, we promote campaign “Healthy You, Healthy World” by donating 1 percent of the purchase to support the cancer immunotherapy fund set up by Chulalongkorn University (Thailand) for conducting research and development on cancer.

3) Turn a like to a purchase

- Creating word of mouth

Next, we utilized four Ps Model to explain more regarding marketing strategy in four perspectives; produce, price, place and promotion.

Product

The customer can choose tea based, herbs, dried fruits and aroma to personalize their own blended tea. The strength point of our product is the personalized tea with the reasonable price. Although in the first stage there are limited choice of ingredients, but innovation is the idea of doing this business, so we plan to have up to 10 different types of tea and 50 ingredients in the first year. Therefore, the plenty of choice will be another competitive factor. Moreover, our website will have a function helping customers choose their favourite taste. The customers can select the favourable tea taste; such as fruity, herby, floral, earthy and sweet. Then functionality can be chosen whether the customers wants any specific treatment. Preferred dried fruits and aroma can also be chosen. After that the website will suggest the tea, which the customers can still adjust the ingredients. The default recipe contains 1 tea based plus 3 selective ingredients. All ingredient is presented as nutritional and farm-to-cup.

Price

Good quality with the competitive price is another strength to attract customers and be our value proposition. Online channel leads to cheaper price comparing to the brewed tea sold in tea store. From researches, brewed tea is sold in the teashop from 80- 150 THB per cup/bottle, which considered incredibly expensive for daily beverage. Based on the calculation with 35% mark-up cost, our price will be listed as follows;

135 THB for a set of 3 selective tea (20g*3)

225 THB for a medium size: 100 g (50 cups)

565 THB for a large size: 250 g (125 cups)

Place

The main channel is the online website as time is one of the most important factor living in this fast-paced lifestyle. Customized tea online is the solution for working women who have no time for finding the favourite beverage. With the concept of blending your cup of tea wherever you are, you can even order tea during the meeting.

Also, we will open the pop-up stores to introduce the market our tangible product. We will sell our best recipes blended between tea, herbs, dried fruit and aroma ingredients in the pop-up store.



Figure 17: Pop-Up Store

Source: <https://www.foodstory.co/blog/survival-restaurant>

Our pop-up store will be set up in the crowded working places, and the sport events. In Thailand, there are a lot of flea market opened near the workplace.

After doing business for six months, we planned to open a flagship store for customers to have their real experience blending tea.

Promotion

We intend to build brand awareness around the marketing concept of “Healthy you, Healthy world”.

For healthy you, we will promote our product as the part of healthy lifestyle by the following methods;

- Sharing knowledge through the Website, Instagram and Facebook.

- Using the healthy influencers who represent to the image of active working woman who regularly eats healthy diet and exercises.

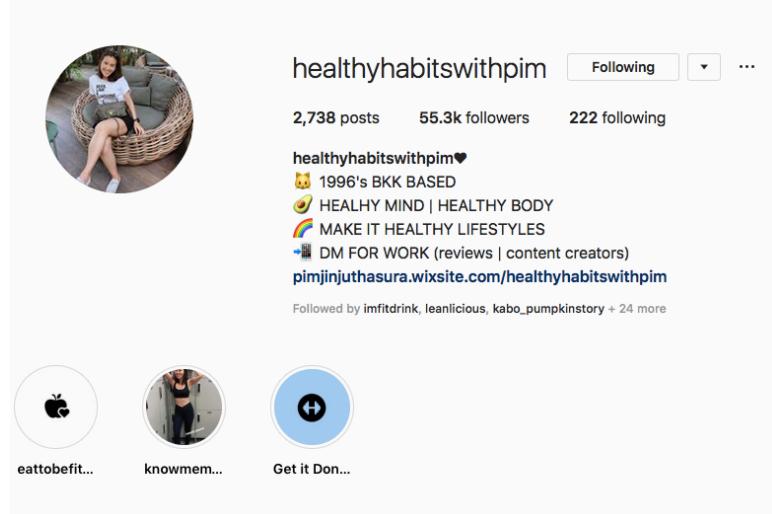


Figure 18: Example of Social Influencer

Source: <https://www.instagram.com/healthyhabitswithpim/>

- Having special seasonal set for the occasional day, such as the Mother's Day.
- Having membership card for further discounts.
- Having events to develop the online community to be real community, such as tea and yoga party.

For healthy world, as we would like to make healthy living possible for everyone. We aim to donate 1 percent of the bill amount to help the society.

CHAPTER 7: OPERATIONAL PLAN



7.1 Operating Hours

The order will cut off at midnight for orders via website. Since it is hand mixed tea, we promise to deliver within 7 business day since receiving the order (Not including public holiday and weekends). For flagship store (after 6 months), will open on Saturday and Sunday from 9.00 am to 17.00 pm.

7.2 Location

Warehouse and flagship store are located at own house to save the rent cost. Increasing experience and creating relaxing moment is the crucial key part for building flagship store. The concept of flagship store is “The Potions Class”, creating the beverage as the medicine for treatment. The decoration will use furniture from Ikea Store, which is stylish, cozy, and functional. Focusing on building community, there will be a big table in the middle of the room, and the room will be decorated with the flower pot.



Figure 19: Example of Tea Flagship Store

Source:https://www.ikea.com/th/th/catalog/categories/departments/dining/tools/codi/roomset/20193_rmdi02a/



Figure 20: Example of Tea Shelf

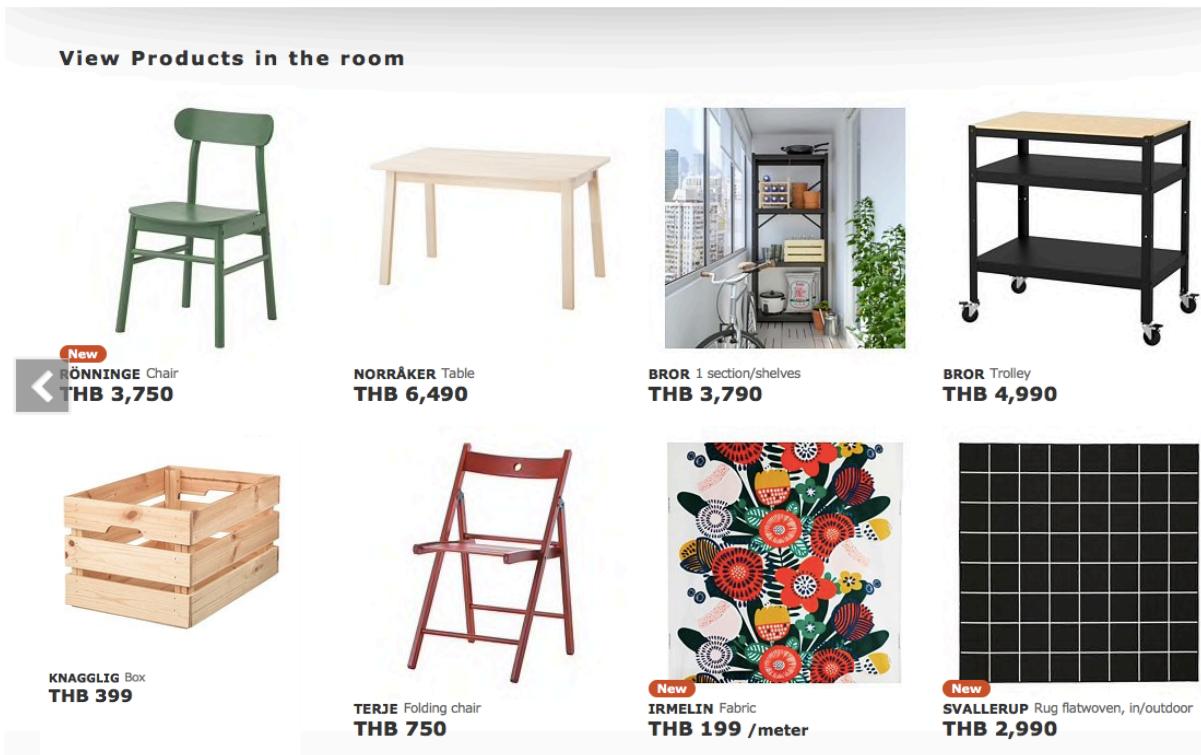


Figure 21: Example of Furniture and Decoration

7.3 Material Supply

Raw Material: We focus on the concept of “Farm to Cup”. The main raw material is dried ingredient including tea leaf, herb and dried fruit. We will order directly from Taiwanese farmer for tea leaf and from Thai farmer for herbs and dried fruit. ‘Clean and Fresh Ingredients’ are the key factor of our supply. Regarding the logistic, there is not much problem because most of ingredients are dried, so the shelf life is quite long. Also, the farmer can help us with delivering to the exporting agency.

Others: We outsource tea accessories according to our design. The company in Thailand will be contacted.

7.4 Inspection and Storage

After receiving ingredients, all ingredients are inspected if the seal is good. Temperature, humidity, light and odour are factors for storage. For container, tin can or metal cans are used to store. For the shelf life, it can be stored for 2 years. However, we plan to have 3 months for the shelf life due to saving inventory cost.

7.5 Packaging and Delivery

The tea blending process will be done in the warehouse, acting under all proper control. The precise measurement will be focused, while employee mix tea and herb according to the order. Along with the customized tea, instruction of brewing and storage will be listed in the card. Also, the story of each Taiwanese tea and motivation message will also be given to add value for the product. ‘Alpha fast’ is chosen as the company delivering products to customers because their door-to-door services can directly be ordered and tracked from the application. Also, the shipping cost is considered as cheap compared to other shipping company. The price starts from 35 THB for the parcel’s length within 35 CM.

7.6 Channel

Our main channel is online website, which we will focus on technology investment. The website will be friendly-use and innovative enough to attract both generation X and generation Y of our targeted customers.

Customers can follow the step explained in Figure 22 to customize their recipe. Or else, customer can filter by typing the health problem, and the website will suggest the default menu, which is the formula of blended tea created by us. Also, we intend to implement the creative feature, such as the feature as in the cooking game to make customers relaxing during the work.



Figure 22: Ordering Process

Packaging: There are 3 sizes of product.

- A set of 3 selective tea (20 g x 3 Bags) for new customers to try the product.
- Medium size: 100 g (50 cups) for customers having the preferred recipe
- Large size: 250 g (125 cups)

According to packaging, A disposable bag of tea will be used instead of the containers for the purpose of minimizing costs. However, the seasonal giftset will be sold to boost the sales, such as Mother day's giftset.

Instructions including temperature and how long tea should be steeped for cold brew and hot brew for each type of tea will be given within the packages. Since convenience is a key for brewing the tea, we will adapt the brewing step to suit with the working lifestyle. For example, in order to steep tea leaves in hot water without thermometer, the customers can just leave the hot water outside according to the time suggested by us. For cold brew, the customers can just put tea leaves inside the water and refrigerate for 4-10 hours.

We aim the customer to make tea be the part of their lifestyle, not just the trend. In the product part, all packaging will be disposable, and we stimuli customers to use their own bottle rather than use the plastic glass. Moreover, tea ware is designed by using the attractive words or memorable words that related to our vision, such as #Fight the cancer, #Against Overweight, #Supermodel.



Figure 23: Disposable Tea Packaging

Source: <https://www.aliexpress.com/item/14-5X/X24CM-kraft-paper-window-bag-food-packaging-bags-kraft-paper-tea-bags-10pcs-lot/1430568275.html>

Based Tea: Benefits and caffeine level of each tea is deliberately stated. We selectively provide the famous Taiwanese Tea, which is mainly Oolong Tea. Stories of tea as well as the description of their unique taste are presented. For example, Taiwan High Mountain Tea – Alishan is planted in places where has plenty of fog, and used water from pure mountain springs, reflecting sweet fragrance with flowers and fruit scents.

Functionality (Herbs): As Thailand has rich sources of nutrients for growing herbs, we will use herbs grew by Thai Farmers. Herbs are categorized by its benefits, which will be described in details.

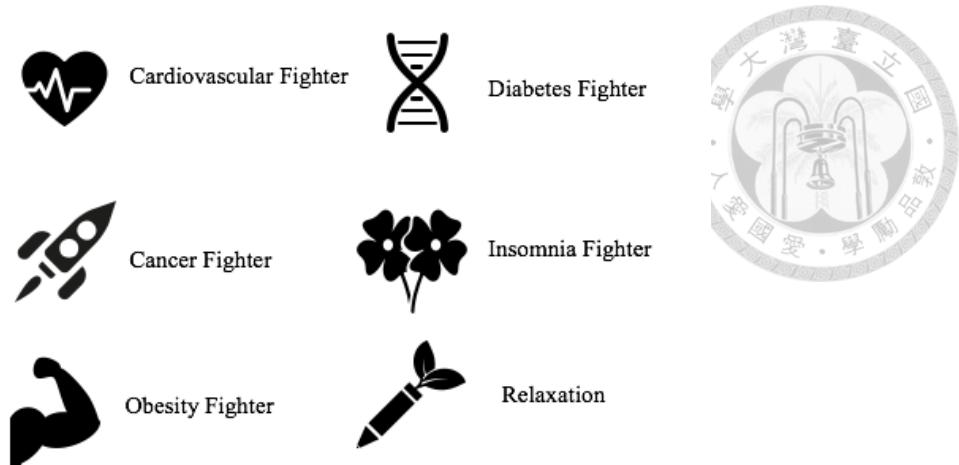


Figure 24: Example of Functionality

Dried Fruits: Thai tropical fruits are famous due to its sweetness. We will use dried fruits to substitute sugar.

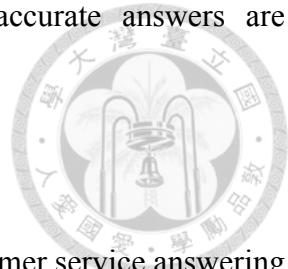
Aroma: According to the interview, apart from taste, aroma is the key factor the customer interested in. So, ranges of aroma are provided to choose.

Tea Accessories: By using our bottle, the customers can choose to do cold brew tea or hot brew tea. Since convenience is the key factor, our tea accessories aim to minimize the process of brewing tea as much as possible.

Payment & Delivery: With the application, customers can transfer money to the given account by phone, and then post the picture in the website. Packaging will start after the system verified the payment. Also, orders can be tracked along the way.

Rating & Comments: We tend to make the website as the community, so the social feature will also be created to stimulate the communication both between the business and customers. Recipes are welcome to share, as well as reviews and comments are appreciated. Others additional feature are Knowledge Bulletin Board and Frequent Questions. Knowledge Bulletin Board contains health knowledges and disease information to stimuli the need of targeted market. After that, we will respond the need as how our product can help with that problem. Also, any topic which members want to share are also welcome. Unappropriated

topics are reported by the staff. Regarding frequent questions, accurate answers are summarized and updated in this session.



7.7 Customer Service

Apart from feature of frequent questions, we will have the customer service answering from 9.00 -17.00.

7.8 Human Resource

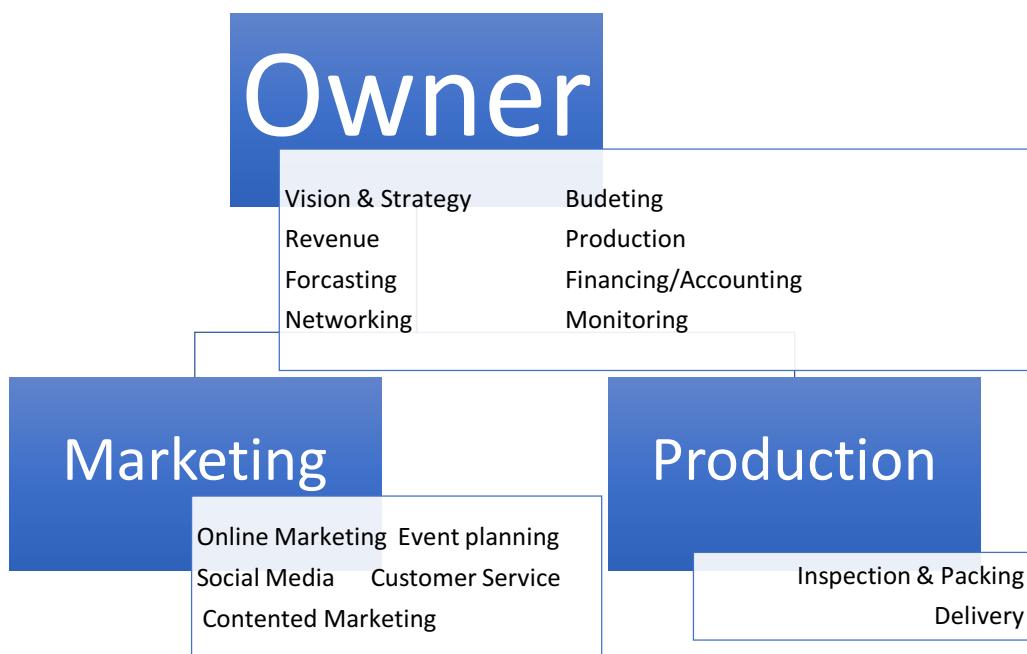


Figure 25: Organization Chart

Our business is a start-up business, so the flat organizational structure will be adopted in the first stage. As we plan to minimize labour cost as much as possible, most of the activities that is not related to blended tea such as website maintenance or research and development are outsourced. For the production, there are two staff inspecting raw materials, blending the ingredients, and packing for delivery. There is one marketing staff, creating contented marketing and marketing campaigns, and communicate with customers via the website and other social media to build the relationship. There are four staff in total for the first stage.

7.9 Operation Schedule

The first Year of Schedule

For the first six months, we will heavily promote the online sales by using the social healthy influencer and pop-up stores. The pop up stores will be created one time per month for introducing the tangible product. After the first six months, flagship store will be created to increase the experience. The strategy of this year is introducing the product and the drinking tea culture in the working environment. The strategy will focus on word of mouth, the customers will be motivated to share their recipes via the social media or our website.

The Second Year of Schedule

We will continue on developing the tea culture to be part of the lifestyle, not just the trend. Ultimate experience of flagship store will be focused. More ingredients selection will be provided, so the customers have more choice choosing their tea. Also, there will be event to develop the relationship of people in the community to be in reality, as brand loyalty will be focused in this year.

The Third Year of Schedule

Events at the flagship store will be more promoted. Apart from that, Partnership with other healthy brands will be developed to expand to secondary target of customers, which is the customers who are directly affected from social trend.



CHAPTER 8: FINANCIAL PLAN

The financial plan provides the breakdown of profit margins, revenues, fixed costs and variable costs leading to the total investment.



Project feasibility is analysed to consider if this investment is valuable to invest. Positive value and less than 1 year of payback are two key criteria.

8.1 Investment Estimation

Since our goal of setting the business is asset light model, we keep fixed asset the lowest cost, and utilize house which fully depreciated as the storage and flagship store. There is no loan, all investment is self-finance. Apart of the decoration costing 50,000 THB, the investment including cash and inventories is calculated from the first month of total cost. Therefore, initial investment is 421,855 THB.

8.2 Market Size Calculation

Factors	Statistical data	No. of people
Total estimated female population in Bangkok at Midyear 2019		4,320,000
Labor female force between 15 and 59 years	51%	2,203,200
Female worker who has medium to high income	65%	1,439,581
People who purchased service or product online	62%	892,540
People who are willing to pay more for good quality of healthy product	88%	785,435
People who regularly consume tea	23%	180,020
Target Reach Assumption	0.5%	900

Table 4: Market Size Calculation

Regarding calculation, we used the female number of population in Bangkok multiplied with the following factors;

- Total estimated female population in Bangkok at Midyear 2019 as in Table 1.
- The percentage of labor female force between 15 and 59 years over the estimated female population is 65 % (22,072/ 33,780) as in Table 1.

- The percentage of people who have medium to high income is 62% as in Table 2.
- The percentage of people who purchase service or product online is 62% according to the report of Australian government trade in 2017.
- The percentage of people who are willing to pay more for good quality of healthy food is 88% according to the survey collected by Tetra Pak.
- The percentage of people who regularly consume tea according to the survey conducted by Cint in 2018. However, we have summarized the data again, assuming each person has only one answer.

Type of Beverages	Consumption	Tea Consumption (%)		
		Best	Base	Worst
Regular soda	15%	8%	4%	
Juice	13%	7%	3%	
Coffee	12%	6%	3%	
Tea	11%	11%	11%	11%
Energy drink	5%	2%	1%	
Diet Soda	4%	2%	1%	
Other	40%			
Total	100%	35%	23%	11%
Assumption: Changing to consuming tea (%)		0.5	0.25	0

Table 5: The beverage consumption in Thailand

- According to the healthy trend, we estimated that 50% of people who drink soda, juice, coffee, energy drink and diet soda change their behaviour to drink tea instead for the best case, 25% change for the base case, and nil for the worst case. For income statement calculation, we will use the base case as 23% representing people who regularly drink tea.
- For target reach assumption is estimated as 0.5% of market volume as there is no strong tea culture in Thailand, so we decided to be risk-averse by using the lowest target reach assumption as 0.5%. Even the factor of online channel can make the target reach

assumption high up to 3% or 4%. However, this business has the great opportunity to grow rapidly due to the large number of potential market. Finally, after multiplying every factor together, our targeted customers include 900 people.

8.3 Sales Volume Estimation

Overall healthy food and beverage trend increased by 9.1% per annum for the past 5 years, and annual per capita consumption of tea is 0.93 kg in 2015 (Food Intelligence Center, 2015). So, we prorated the given statistical data to be the annual per capita consumption in 2019 as 1.31 kg by $0.93 * (1.09^4)$. After the target reach assumption is multiplied with the annual tea capita tea consumption, the estimated total quantity is 1,181,628 grams.

Factors	Statistical data	Quantity
Target Reach Assumption (ppl)		900
Annual Tea Consumption (g)	1,313	1,181,628

Table 6: Total Sale Volume Estimation

After that, we estimated the unit of each product with the assumption that all of the new customers buy set of tea ($20g * 3$) to taste, 50% of those customers will buy the medium size, and 50% of those who buy the medium size will buy the large size.

Products	Ratio	Sales Amount (g)	Sales Amount(Unit)
Set of tea ($20g * 3$)	57%	675,216	28,134
Medium size 100g	29%	337,608	8,440
Large size 250g	14%	168,803	1,688
Annual Target sale		1,181,628	38,262

Table 7: Sale Volume Estimation by Product

8.4 Cost Margin Calculation

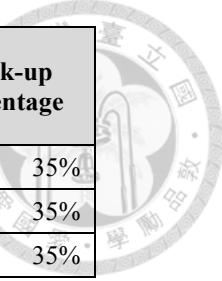
Prices of all the ingredients and the average cost of each type are listed in the table below.



Ingredients	Price(THB)	Quantity(g)	Cost/Gram (THB/g)
Based tea			
Dong Ding Oohlong Tea	1000	600	1.67
High Mountain Oohlong tea	1000	600	1.67
Oriental Beauty	1000	600	1.67
Black tea	160	600	0.27
Average			1.32
Herbs			
Pandan	450	1000	0.45
Bael	280	1000	0.28
Lemon grass	320	1000	0.32
Roselle	300	1000	0.30
Ginger	300	1000	0.30
Average			0.33
Dried Fruit			
Mango	235	1000	0.24
Apple	180	1000	0.18
Coconut	220	1000	0.22
Lemon Peel	420	1000	0.42
Orange Peel	280	1000	0.28
Longan	380	1000	0.38
Pineapple	210	1000	0.21
Average			0.29
Aroma			
Wild Chrysanthemum	1850	1000	1.85
Roses Hips	2200	1000	2.20
Safflower	1900	1000	1.90
Chamomile	550	100	5.50
Jasmine	1280	1000	1.28
Butterfly Pea	1000	1000	1.00
Black Sticky Rice	300	1000	0.30
Average			2.00

Ingredients	%
Based tea	40
Herbs	25
Dried Fruit	30
Aroma	5
Total	100

Table 8: Costs of Ingredients and Ratio of ingredients



Products	Raw material cost per serving (THB)	Price (THB)	Mark-up Percentage
Set of tea (20g*3)	48	135	35%
Medium size 100g	80	225	35%
Large size 250g	199	565	35%

Table 9: Pricing and Mark-up Percentage

8.5 Revenue Estimation

According to the strategy and the interview, we set the cost margin as the ratio of 35% over the costs per raw material, so the price of each product is calculated as in the table below.

Revenue (THB)	Year 1	Year 2	Year 3
Blended Tea			
Set of tea (20g*3)	3,843,450	3,997,188	4,157,076
Medium size 100g	1,971,000	2,049,840	2,131,834
Large size 250g	1,031,125	1,072,370	1,115,265
Tea Accessories			
Tea Accessories	2,929,125	3,046,290	3,168,142
Total revenue	9,774,700	10,165,688	10,572,317

Table 10: Revenue Estimation

For Blended tea, the estimated unit is multiplied with the price. The revenue growth rate is expected to grow 4% per annum, which is a little bit less than 4.16% of tea industry growth rate in Thailand.

For Tea accessories, we outsource the tea accessories production with the cost margin as 80%. The number of unit sold is expected to be 25 % of estimated blended tea sales.

8.6 Cost of Goods Sold Calculation

Cost of Goods Sold (THB)	Year 1	Year 2	Year 3
Blended Tea			
Set of tea (20g*3)	1,641,808	1,707,481	1,775,780
Medium size 100g	841,953	875,631	910,657
Large size 250g	440,466	458,085	476,408
Tea Accessories			
Tea Accessories	2,343,300	2,437,032	2,534,514
Total Cost of Goods Sold	5,267,527	5,478,229	5,697,359

Cost of Goods Sold for Blended Tea per year				
Raw Material	Labour	Logistic	Total	Cost Margin
2,684,228	240,000	120,185	2,924,228	0.43

Table 11: Cost of Goods Sold Calculation

Cost of goods sold composed of raw material, labour and logistic cost, which accounted for 43% of total revenues.

- Raw Material: Ingredients and packaging are including in raw material.
- Labour: There are two production staff, whose salary is 10,000 THB per month.
- Logistic: The shipping expense from Taiwan for around 300 kilograms costs 103,430 THB per order, including the agency management expense. Importing taxes cost around 40 THB per kilogram according to BMB shipping company. For shipping ingredients from suppliers in Thailand, we use the service of Thailand Post. With 450 kilograms, the shipping costs around 17,000 THB. The inventory shelf life is expected to be 3 months. Therefore, inventories are bought 4 times per year. According to the ingredients weigh, number of order and tax rate, the total logistic costs are around 120,350 THB.

8.7 Operating Expense

- All the expense estimated to increase by 3 % per annum according to inflation rate.
- Website and website maintenance: Website and the built-in system expected to be around 500,000 THB with all function stated above, and the website maintenance is expected to cost 10,000 per month.
- Donation: It is considered as 1 percent of sales.
- Events: There are expected to be 12 events in a year. The events costs around 15,000 THB, including the booth rent and the decoration. The salary of two staff are estimated as 1600 THB per event (400 THB x 4 Days).
- Other sales and marketing expenses is considered as 10 percent of the overall sales
- Payroll for administration staff composed of chairman and marketing staff. The salary of chairman is 30,000 THB, and the salary of marketing staff is 20,000 THB.
- The research and development is considered as 1 percent of sales.
- Utility expense of the flagship store is 2,500 THB per month
- Facilities in the flagship store is expected to be 50,000 THB for the first year, and 20,000 THB for the following year.
- Other expenses are assumed to be 5 percent of total operating expenses.
- Depreciation of 50,000 THB comes from two computers and the decoration.
- Thailand small and medium enterprise, earning the revenue between 300,000 and 3,000,000 THB, is subjected to pay corporate income tax as 15%.

INCOME STATEMENT			
	Year 1	Year 2	Year 3
Revenue			
Set of tea (20g* 3)	3,843,450	3,997,188	4,157,076
Medium size 100g	1,971,000	2,049,840	2,131,834
Large size 250 g	1,031,125	1,072,370	1,115,265
Tea Accessories	2,929,125	3,046,290	3,168,142
Total revenue	9,774,700	10,165,688	10,572,317
Cost of Sales			
Set of tea (20g* 3)	1,641,808	1,707,481	1,775,780
Medium size 100g	841,953	875,631	910,657
Large size 250 g	440,466	458,085	476,408
Tea Accessories	2,343,300	2,437,032	2,534,514
Cost of goods sold	5,267,527	5,478,229	5,697,359
Gross Profit	4,507,173	4,687,459	4,874,958
EXPENSES			
Sales and marketing expenses			
Website	620,000	120,000	120,000
Donation Marketing sales	97,747	101,657	105,723
Event (Pop up stores)	218,400	218,400	218,400
Other sales and marketing expense	977,470	1,016,569	1,057,232
Sales and marketing expenses	1,971,026	1,500,325	1,546,396
Administration expenses			
Payroll and Payroll Tax	50,000	51,500	53,045
Research and development	97,747	101,657	105,723
Utilities	30,000	30,900	31,827
Facilities	50,000	20,000	20,000
Administration expenses	234,579	210,179	216,913
Operating expense	2,205,605	1,710,503	1,763,309
Other expenses	110,280	85,525	88,165
EBITDA	2,191,288	2,891,430	3,023,484
Depreciation	118,333	118,333	118,333
EBIT	2,072,955	2,773,097	2,905,151
Total Administration expenses	2,434,218	1,914,362	1,969,807
TAXES			
Income Tax	310,943	415,965	435,773
TOTAL TAXES	310,943	415,965	435,773
NET PROFIT	1,762,012	2,357,132	2,469,378

Table 12: Income Statement (Unit: THB)

8.8 Project Feasibility Analysis

Indicators	Best Case	Base Case	Worst Case
Payback period (Months)	4	7	15
NPV (THB)	6,251,247	3,538,723	962,670
IRR	192%	155%	79%

Table 13: Project Feasibility

As explained in market size calculation, the number of people regularly drink tea is the factor represented best, base and worst case. The targeted customers in the first year have 1,375 people, 900 people and 432 people for best case, base case and worst case, respectively.

The reason why NPV and IRR are quite high because this business is the asset light business model. Along with the goal of low initial investment, payback period is quite impressive even in the worst case, which is just 3 months more than the initial goal of 1 year. For the estimation of sales, we are already risk-averse by targeting just 0.5 percent of overall the market, and estimating the growth of sales lower than the industry growth. So, we are confident that the NPV of the worst case is practical.

In conclusion, this business is worth to invest.

CHAPTER 9: EXPANSION PLAN

If the business works well as planning, we will expand the business to the bigger scale by aiming 5 percent of target reach number rather than 0.5 percent. In order to expand, more employee has to be hired. Growing from online business, the real physical store will be created. Also, the workshop of tea related activity, and the expansion to tea-related bakery and food sector will be more focused, pushing the business to be the first comprehensive tea experience in Thailand.



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APPENDIX I: Questions for In-Depth Interview



1) Tea Benefit and infused water Knowledge

- What kind of tea benefit that you think it affect your health the most?
- What kind of infused water benefit that you think it affect your health the most?

2) Opinion towards the product

- What is the factor affecting your decision buying tea?
- When you look at the product, how do you feel about this product? Does it attract you?
- What do you think about idea selling customization tea via online?
- What do you think about the idea of selling tea from Taiwan? (Compared with tea from Thailand)
- How does it taste?
- How does packaging affect your decision? Which kind of packaging affect you the most?
- What do you think about Zero waste packaging, for example, bringing your own bottle to buy tea?
- What is your opinion toward paying extra for high quality healthy tea?
- How does the tea benefit change/affect your decision?
- What do you think about online selling the product?
- After you listening all of idea, are you willing to buy the product? How much is the range of price for this product in your idea?
- If the product is promoted as the giftset, customized for the one you loved. Will you buy it?
- Lastly, do you have any recommendation or comment towards this business idea?

