

Tea is the worlds favourite drinks for centuries marketing essay

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Tea has been the world's favourite drinks for centuries. Tea is so much a part of everyday life in Britain, that it is thought of being a quintessentially British drink. People have been drinking tea in Britain for more than 350 years. [1]

Tea was once a luxury product affordable only by the rich and there had been a debate about its health hazards, but over the years tea has gained its place amongst the common people and its health giving properties have been recognized. [2]

Though coffee is gaining popularity and posing a threat to tea in Britain, the demand for tea is still high and its consumption is one of the highest in the world. It still provides an opportunity for tea traders to expand their market share and open new avenues.

Golden Valley Ltd. will offer regular tea customers, the best quality Organic Darjeeling tea at an affordable price. Darjeeling Tea is considered to be the Champagne of tea's and its consumption in Britain is significantly high . The tea will be supplied from the tea gardens specially growing organic tea of which there are only a few.

The future for organic tea in Britain looks promising as more and more people have become conscious about the products they consume and the trend in consumption of organic products is increasing. Organic tea is grown without using any kind of chemicals thus making it safe and ecologically friendly which is going to be its USP.

Unlike other varieties of tea, the distribution of organic tea in Britain is limited to only a few vendors thus providing Golden Valley Ltd with an opportunity to sustain and grow.

The success of Golden Valley Ltd will depend on how fast it can build up a relationship with its customers, the quality of tea distributed and the competitive price it can offer to the consumers.

Apart from the traditional process of selling, it also plans to launch its own dedicated web portal to add on a new channel of distribution. This would also increase the visibility of the company.

A steady growth is forecasted and the company will start making profits from the first year of operation but the profit margin would be relatively low. An initial investment of £21, 000 is required to start up this business.

Vision

Golden Valley will be the leading supplier for Darjeeling Organic Tea in the UK within a period of time. It will make its best efforts to deliver the best quality tea at a reasonable price.

It will make organic tea one of the most sought after drinks which can replace other forms of Tea. Some of the profit will be contributed to the welfare of the tea growers in Darjeeling.

Aims and Objectives

To make Golden Valley Organic Tea a brand that would be highly recognised by tea drinkers.

To break even within a year

To achieve a positive growth rate.

Keys to Success

To convince people that Golden valley Organic tea is the best alternative to the regular tea.

To maintain a close relationship with the retailers (supermarkets, convenience shops)

To reduce the operating expenses to its minimum.

Company Summary

Golden valley is a start-up venture. It will be a sole enterprise . It will have its office at Harlington corner in a leased property which is located very close to Heathrow Airport. The Office will have a basic infrastructure which will also be used to store and package tea. The company is owned by Upendra Thakuri. Funds to start up will come from his own personal account. For a certain period of time he will run the business on a part time basis. Before starting the business Upendra Thakuri worked as a marketing manger in a travel agency and has experience in the management level.

Product

Golden valley will specialize in organic tea of different varieties from different tea gardens in Darjeeling. We will offer no-caffeine herbal infusions range from flavoured rooibus to fruit blends and medicinal brews. The tea

will be only from those gardens that produces pure organic tea. It will be sold in tea bags for the convenience of the customers.

Market summary

Britain is one of the largest consumers of tea and it is a tea drinking nation. Every day 165 million cups of tea is drunk and each year around 144 thousand tons of tea is imported. In recent years there has been a decrease in the consumption of regular tea but the market for alternative tea such as herbal tea, fruit flavoured tea has increased considerably. This is mainly because of the social change the country is undergoing.

Tea was once a luxury product affordable only by the rich, but over the years tea has gained its place amongst the common people. It has become cheaper as the volume of import has increased.

Tea has been a part and parcel in the lives of the people in Britain. As mentioned earlier it is a tea drinking nation. Though there has been a decrease in consumption amongst the youth, tea still is the most popular beverage. Its versatility makes it the perfect drink, adaptable to every climate and culture.

Of late people have become more conscious about the things that they purchase and how it is being manufactured. They are also concerned about the green issues. This has totally changed the consumption pattern of people. They want to go for something that has no ill effects in the environment.

Competitive analysis

Industry Overview

Currently, most of the tea is supplied by big tea traders and the biggest one is Twining's. Apart from that many supermarkets chains sell their own branded tea. As far as organic tea is concerned there are roughly 12 traders in the whole of UK.

Unlike Twining's the other traders are wholesaler who imports tea and sells it to other third party who packages it on their own brand. Twinings has a major share in the market and is the biggest player. Most of the tea in Britain is sold under its brand.

Twining's has a wide varieties of tea, catering to the different segment of consumers. It has a consolidated distribution channel and is sold through most of the super markets and local convenience stores. It also has its own dedicated web portal to sell tea online. It has been there in the business for several years and has abundance of experience in this industry.

(Datamonitor , 2009)

Twinings deals with a wide range of tea but does not specialize in one. It purchases from the auction market therefore sometimes pays more for the same variety, thus having an impact on the price. Since most of the tea is purchased through auction the authenticity of the tea can hardly be judged. The organic tea that is produces in not the authentic Darjeeling organic tea. It hardly purchases directly from the tea gardens. Its presence in Darjeeling tea is limited which is the best variety of tea in the world.

Market Plan

Market segments, Targeting and Positioning

It is not possible for a marketer to satisfy everyone. Taste and preference of individual vary . It is not that everyone likes the same product or service .

Therefore the market has to be divided into segments by examining demographic , psychographic and behavioural differences among buyers.

(Kotler, 2009)

Accordingly, we have segmented the market for Golden valley organic tea . Since we have an online distribution, it has no geographical barriers . Any customer can order the product through the dedicated website of the company. Apart from the online customer base, it will have customer base within UK.

A marketer after identifying the market segment decides which presents the greatest opportunity i. e. which are its target markets (Kotler, 2009)

In case of Golden valley organic tea, the older generation who drink tea regularly and who are more concerned about their health are targeted. The introduction of other beverages has hardly effected their tea consumption and health is high on their priority. For them drinking tea is a way of life. More over they prefer to stay at home and enjoy a cup of tea rather than to go out.

Golden valley organic tea will position itself as the best and premier organic Darjeeling tea. Any one who wants to drink healthy tea will consider consuming this variety.

Marketing mix

To device marketing activities and assemble a fully integrated marketing programs marketing mix tools are used namely product, price, place and promotion. (Kotler, 2009)

Product

Golden valley organic tea will be the best variety of organic tea grown without using any fertilizer or chemicals. It would be directly imported from the tea gardens to maintain its originality . It will be sold under the brand name of Golden valley Darjeeling organic tea . For the convenience of the customers it will be sold in tea bags in various sizes.

Price

Price will be highly competitive to make it affordable for everyone. For the retailers who buy in bulk a 35% margin will be kept aside. A one month of bonus period is given after the product is delivered. A one month credit period will also be given to any customer who buys in larger quantities.

Promotion

The promotion will be done through below the line advertisements and through public relations as it is expensive to advertise through media.

Place

The office premises will be used for storing and packaging the product. It will use various distribution channels to reach out to the consumers. The product will be available at various supermarkets and in convenience stores in the neighbourhood

Apart from that, it will have its own dedicated website to carry out online transaction. On the first year of its operation it would like to reach out to a few boroughs in London.

Management Summary

Management of Golden valley is made up of the owner Upendra Thakuri. Since it is a small operation and to minimize on the operation cost the owner himself will look after all the activities.

Upendra Thakuri is the owner operator . His experience in the field of marketing will be a tremendous asset in establishing Golden valley. He has more than five years of experience in marketing and has worked for various multinational companies such as Cadbury's, Hutchison Essar, prior to joining Shangri-La Travels as the marketing manager.

Upendra Thakuri comes from Darjeeling and has a lot of experience in tea tasting which is an added benefit for the company to grow. His passion has always been tea and has been a member of Darjeeling Tea Society. He has many acquaintances in the tea industry. He always had a dreamt of doing something with tea and now it is the perfect opportunity for him to excel in his field of interest.

Financial plan

A five year loan will be secured to cover start up expenses and the first 2-3 months of salary, rent, taxes, insurance and other miscellaneous expenses.

Sales growth is expected to be aggressive with projections of sales increases of 25% in year two and 30% in year three.

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Sales growth is expected to grow to 25% in the second year and 30% in the third year

Profits will be reinvested to reduce debt and also to improve the product line.

Important assumptions

General assumptions

Plan month

FY2009-10

FY 2010-11

FY 2011-2012

Long term interest rate

8%

8%

8%

Over draft interest rate

10%

10%

10%

Interest rate on cash surplus

2%

2%

2%

Start up cost

Fixed cost

Amount

IT/office equipment

1100

Plant and machinery

300

Intangible asset development

100

Office and rent

$600 \times 3 = 1800$ (3 months provision)

Salaries

$1250 \times 3 = 3750$ (3 months provision)

Utilities

$40 \times 3 = 120$ (3 months provision)

Telephone

$15 \times 3 = 45$ (3 months provision)

Insurance

100

Website cost

40

Accountancy cost

42

Variable cost

Legal and professional fees

42

Travel

$100 \times 3 = 300$ (3 months provision)

Sundry expenses

$83 \times 3 = 249$ (3 months provision)

Marketing cost

417

Total

8405

Incremental Capacity Expenses

When operation capacity is scaled up to meet increasing demand, any new equipment expenses will be acquired on credit, which will be paid back from revenue generated by the up scaled programme, in 3 months .

The documents that are provided in the appendix will give a better understanding of the financial affairs of Golden valley.