

Honest tea: is it a good business opportunity

[Business](#)



**ASSIGN
BUSTER**

The case study aims to analyze the factors that must be considered when assessing a small business opportunity, by specifically responding to the following concerns: (1) what are the competitive advantages of Honest Tea? (2) What are the competitive advantages of the competitors of Honest Tea? (3) As a consumer, what do you think is the most important competitive advantage of Honest Tea? (4) If you were the business advisor of Honest Tea, what additional competitive advantages would you recommend? (5) Do you think Honest Tea can provide you a good business opportunity?

Honest Tea: Is It a Good Business Opportunity?

Case Background

Seth Goldman, an MBA graduate from Yale, started the Honest Tea business, using top of the line tea leaves, and that catapulted to success as it continued to exhibit potentials for increased growth rates. With the company's competitive advantages being proffered, Seth reflects on future prospects to sustain success in the light of competition posed by other specialty stores and retail locations.

Competitive Advantages of Honest Tea

The Honest Tea was defined to possess distinct competitive advantages in terms of: (1) being differentiated from other beverages; (2) focuses on the strength of being classified as a USDA organic product where “ harmful pesticides and other toxic chemicals have not been used in growing or producing the product” (Case Facts, p. 58); (3) contains two thirds less sugar as compared to competitors' products; (4) adheres to ethical standards and concepts of social responsibility where economic activity and promotion to non-profit organizations are supported; and (5) consumers feel good about buying the product due to its health benefits and being part of assisting <https://assignbuster.com/honest-tea-is-it-a-good-business-opportunity/>

community programs and projects of the company.

Competitive Advantages of the Competitors

Competitors' tea products were deemed to cost less and other specialty stores, such as Starbucks, who sell high end tea products that boast of health benefits and high quality feature the same benefits as Honest Tea.

Analysis of Competitive Advantage of Honest Tea

a. As a Consumer

As a consumer, the most important competitive advantage of Honest Tea would be its strengths in providing a product of high quality (being a certified organic product) where purchasing it would enable one to be of assistance to the various socially responsible endeavors of the company. It is like shooting two birds with one stone. By purchasing the products, consumers are accorded its health benefits, and at the same time, be instrumental in helping others through the various programs and community projects of the company.

b. As the Business Advisor

If I were the business advisor for Honest Tea, apart from the enumerated competitive advantages, I would recommend developing and enhancing benefits to employees to promote both personal and professional advancement, job satisfaction and being active contributors to ethical and social responsibility programs of the company. By focusing on employee benefits, by motivating personnel to achieve defined goals, productivity, job satisfaction and financial performance would be ensured.

Is it a Good Business Opportunity

Honest Tea is indeed a good business opportunity in terms of its ability to offer high quality products and the company's commitment for social

<https://assignbuster.com/honest-tea-is-it-a-good-business-opportunity/>

responsibility. As exhibited, the increasing growth rates in sales for 2001 and 2002 have attested to consumers' preferences in purchasing their product, which was differentiated as a specialty product offering health benefits and the opportunity to assist various social endeavors. Seth could sustain and support projected increases in sales through highlighting their competitive advantages and addressing threats posed by competitors who directly offer products of the same features and qualities. Through appropriate uses of the marketing mix (product innovation, price (reviewing costs), place (targeting other locations) and promotions (using different advertising mediums and campaigns), Honest Tea would possibly attain its objective of further increasing growth in the years to come.

Reference

" Case Study: Honest Tea." Entrepreneurship: Starting and Operating a Small Business.