

Using Business Insight's Data to Analyse the Impact of Modern Tea in the Asian Market

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Keywords: Data, Asian market, Analysis, Milk tea, Nayuki, Characteristics

Abstract: Nowadays, as milk tea is increasingly preferred and favored by youngsters, the milk tea market size thrived from 2.4 billion USD to approximately 4.3 billion USD[3] at the end of 2027. By analyzing the current milk tea industry in different regions and the development of leading co-operations, one can consider that until 2027 the popularity degree and economic effect of milk tea will be persistently boosting.

1. Introduction

The most straightforward milk tea can be adding milk to tea, which contradicts the tea traditions in tea-favored countries. However, this creative and revolutionary invention smoothened and sweetened tea and made tea an increasingly well-accepted and popularized product, promoting its commercial value. While North Americans prefer soft drinks and iced tea as bottled drinks or popularized beverages, milk tea is more welcomed in Asia and Europe. India can be considered a superb instance, where others regard milk tea as the default kind of tea, and milk-free tea is called 'black tea' or 'tea without.' Other regions like England, mainland China, Taiwan, and Hong Kong count milk tea as their most adept and proficient drinks.

2. History

In the early 1980s, the founder of Chun Shui Tang house, Liu Han-Chieh in Taiwan, traveled to Japan to notice how cold coffee is served rather than hot coffee, which gave him the idea that tea can be served at low temperature as well.[1] Then, in 1988, the product development manager of Chun Shui Tang, Ms. Lin Hsiu Hui, brought up her typical Taiwanese dessert called fen yuan, which was the earliest form of pearl used in bubble milk tea. She poured them into her Assam iced tea for fun and drank it, which she found tasty and carried forward. Bubble milk tea promptly became one of the most lucrative beverages in Taiwan.

While Chun Shui Tang is the most accepted origin, there is an alternative version of milk tea's history. Hanlin teahouse in Taiwan first made tea using traditional white fen yuan, which had the appearance of pearl, so the tea was known as 'pearl tea.' Soon afterward, Hanlin changed its pearls to the black version, which resemble the ones known as Boba that are used currently.

3. Impact of Modern Tea

According to a survey completed by 36Kr Research, around 93 percent of Chinese people purchase milk tea at least once every week, which is made up of 4 percent of people purchasing almost every day, 51 percent of people buying once every 2 to 3 days, and 38 percent of people purchasing every 3 to 5 days. Therefore, it is not difficult to infer that milk tea purchasers are usually long-term customers. So building brand loyalty is crucial for tea houses and entrepreneurs.

3.1 The Major Consumers of Milk Tea

After the milk tea industry's thriving in mainland China in recent years, it quickly became popular among teenage and middle-aged women under 40 years old, occupying a percentage more than 70. [2]In order to develop further and penetrate the market, even more researches could be done on the flavor and preferences of male customers. The prosperity of the milk tea industry also kept pace with the extremely rapid economic growth of the first-tier cities of China, for example, Beijing, Shanghai, and Shenzhen. However, China's second and third-tier cities have not experienced the expansion of milk tea houses, with price being one of the main concerns.

4. The Chinese Brand of Nayuki:

Nayuki holdings ltd. is one of the innovative high-end tea-producing companies with milk tea and fruit tea as their main products. On June 30th, 2021, Nayuki successfully went on the Hong Kong Exchanges and Clearing Limited stock. So far, Nayuki is the first and only tea company in stock, ascending its commercial value and status above other tea manufacturers.

The success of Nayuki symbolized the success of modern tea production, which coalesced the faint scent of classic tea and the richness and smoothness of dairy products. Along with the discovery and appliance of an increasing amount of seasoning and ingredients, tea products became incredibly appealing to youths and teenagers; drinking tea even became a new living style. Hence, field fabricating tea houses sprout up in China, with Nayuki as the finest example.

5. Characteristics of Modern Tea in Different Regions

5.1 Taiwan Market

As the officially authenticated founder of bubble milk tea, Taiwan owns the most classic types of milk tea, which contains black and white tapioca balls. According to Tu Tsong He, a Taiwanese artist and entrepreneur, 'The white fen yuan looks almost translucent with a white center when brewed inside the golden-green tea,' which resembles the artist's mother's necklace. [4]This is also the reason that Taiwanese bubble milk tea is known as pearl milk tea in China. Milk and sugar made Taiwanese milk tea smooth and sweet. However, the sweetness is limited or counteracted by the black or green tea, which is bitter. These traditional types of tea prevent them from overpowering sweetness and provide a more prosperous and stratified taste, enhancing customers' drinking experiences.

5.2 Hong Kong Market

People in Hong Kong often use a wide variety of tea for their milk tea, including green, black, white, oolong. However, these tea are from the very same plant-Camelia Sinensis. While other regions take mainland China as their tea source, Hong Kong's tea is instead sourced from Sri Lanka as a result of the British colonization. The Ceylon tea from Sri Lanka strongly contradicts traditional Chinese tea, which values intact leaves from a single origin; it is instead from dozens of leaves all over the country. The leaves are then pulverized in bags and shipped to Hong Kong. Also, condensed milk was used since there was no mature milk industry in mainland China, so milk had to be shipped from elsewhere, which could be a long journey, causing fresh milk to spoil. According to Nestle, Great Britain and its colonies procured the highest demand for condensed milk worldwide.[5]

5.3 Thailand Market

Ceylon tea is the primary ingredient of Hong Kong milk tea and Thai tea. Thai tea is made from strongly-brewed Ceylon black tea, enlivened with spices such as star anise, vanilla bean, crushed tamarind seed, orange blossom, and cardamom. These spices highlighted the flavoring of Thai tea, making it one of the most full-bodied teas in the world. It is also well-accepted in North America since people are more fond of sweet and robust tastes.

5.4 Japan Market

Compared with other areas in the world, the paradise of milk tea in Japan results from their people's passion for tapioca balls, which the Japanese consider 'the essence' of milk tea, so the manufacturers also pay more attention to the quality of the tapioca. Two female college students in Japan consumed over 16000 cups of milk tea to evaluate and deduce the best tapioca manufacturer; they were even invited to TV entertainment shows.[6] Therefore, the status of tapioca is seen. During the past decades, coffee has outweighed tea in Japan due to its functions and unique tastes. However, in recent years, tea houses in Japan were inspired by bubble tea and started selling high-end bubble tea, breaking the traditions and searching for a path to connect teas with youngsters. Mocha of west Shinjuku leads these revolutionary shops; Tea Room 7, renowned for its black tea.

5.5 China Market

Like Japan, mainland China also contains thousands of teahouses that focus on high-end tea products. Other toppings are valued and favored just as much as tapioca, for example, herbal jelly, fruit jelly, pudding, and even ice cream. Tea houses in China are not limited to traditional tea and milk tea only; they also invented fruit tea with a thick layer of cheese as a topping and natural pulp within. These creative inventions soon became the principal branch of tea sold in extensive tea co-operations such as Nayuki and Hey tea. It is not difficult to infer that modern tea has overpassed coffee or other freshly made beverages and became the most fancied and commercially valued drink in mainland China.

6. Conclusion

As modern tea has gradually become one aspect of modern pop culture advocated and followed by billions of youngsters worldwide, it is not difficult to infer that the market size of modern tea will expand more in the future. Global population growth will provide even more potential customers and unfamiliar consumers. Optimistically speaking, the modern tea industry, although already flourished and prospered, still has a large room for development, which may include introducing their product to second and third-tier cities or countries and regions where tea is not regarded as an essential element of life. However, along with the evolution of technology and scientific research methodologies, people have attached more importance to safety and health factors. Although milk tea and other beverages do not contain potent toxins like carcinogens, being high in sugar and saturated fat made it a massive factor of obesity and other possibly occurring diseases. Hence, the ways of reducing its detriments while maintaining its incredible taste could be something to think about as an improvement. In this case, the target audience for these products will be teenagers and elders, and fitness enthusiasts.

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