**TWG tea-Exploring the case study on innovation diffusion of Taiwan tea**

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**Abstract**

In Taiwan the geography, climax and environment are suitable for growing tea plants. Delicate agricultural planting techniques and exquisite tea making skills have allowed Taiwan tea to stand in world arena as early as more than one hundred year ago. The whole world knows that Taiwan has very excellent and high economical value tea products like Oolong tea, Oriental Beauty tea, and Paochong tea, etc. However, until today Taiwan tea still doesn’t have international famous brand. England, France and USA don’t grow tea leaves, but they all can create world famous tea brand, of which main products are in tea bag types.

The study would look into brand constructing process of a case company, TWA Tea, to study and analyze how TWG Tea successfully broke the traditional constraint with innovation thoughts to establish new business model and lock in high consumption groups, creating a luxurious tea brand. The study would also deconstruct TWA tea model in strategic positioning, cost, organization, process flow, aesthetics, and brand, etc., thus such successful experience can reflect on Taiwan tea innovation to expand to the entire world, hoping to create golden opportunity for Taiwan tea industry once more.

Key words: tea bag, strategic positioning, bran construction, innovation diffusion, aesthetics

1. **Introduction**

Taiwan tea industry started commercialized development by expanding export during Japanese occupancy period. After WWII the national government actively developed tea industry. Tea exports have earned large volume of foreign currency for Taiwan. Tea stands a very important status in economic and agriculture history in Taiwan. After Taiwan entered World Trade Organization (WTO) in 2001, the country gradually opened imports of agricultural products from various countries. Due to the market opening and reduced tariff duties tea is also imported to Taiwan from many countries. Naturally tea farmers in Taiwan cannot prevent competitions from abroad.

The development pattern of Taiwan tea also changes due to production positioning, turning from export to import, from mass production in large scale tea making factories to business pattern combined by tea famers’ small family style tea factories and medium and small tea traders. The perfect geographic location, climate and environment of Taiwan is very suitable for tea tree to grow. Quality of raw tea is excellent, plus perfect tea making techniques, the quality is upgrade from roughly made to refined. After entering WTO, tea industry not only is not impacted at all, but also exporting high quality Taiwan tea to the entire world. Taiwan tea has high international competitiveness, but in marketing has continuously lack identifiable packaging and brand construction thought, thus cannot leave international tea lovers brand images.

The transformation of tea drinking culture is from the earliest “tea brewing method” in Tang Dynasty, to “pouring tea method” in Sung Dynasty, then to “rubbing and soaking method” in Ming and Ching Dynasty, which lasted till today. The transformation and development of tea making steps all reveal the changing and innovation of tea drinking culture. In early periods the method of tea making pay particular attention to both preparation work and utensils, the most important one is the spirit of “tea ceremony” in tea tasting. The tea drinking habit of modern people stresses on convenience and speed, so tea making method of highly complex process has formed a type of cultural art. Thus, tea, water and drink in convenient stores and hand shaking drink in beverage stores have become a consumption trend. However, in recent years due to food safety problems, there is doubt of chemical additives in can tea drinks and hand shaking tea drinks, the trend of “brew your own tea” has started. Tea leaves has evolved from traditional can packaging to small tea bags, to cope with consumers’ changing in tea drinking habits, achieving convenience and speed. (Lin, 2015)

After Taiwan tea industry entered WTO, tea all over the world can be freely imported and reduce competitive advantage of Taiwan tea. Taiwan tea industry has transformed to refinement to increase value and promoted the rise of small farmers and small tea making factories, but the construction of tea brand thoughts is not moving at all. How to spread Taiwan’s new generation of tea bag to the world, establishing Taiwan tea to be a highly identifiable famous brand internationally and let people all over the world know that good tea is equal to Taiwan are the motive and background that the study aims to explore, through case study on TWG Tea on brand construction thoughts expansion.

1. **Literature Review**
   1. ***STP Theory***

The concept of Market Segmentation was first introduced by Wended Smith, an American marketing scholar in 1956. Followed by American marketing scholar Philip Kotler, who further developed and completed Wended Smith’s theory and formed the matured STP theory of market segmentation, marketing, and positioning.

* 1. ***SCOPAB Analysis***

The six elements concept of SCOPAB are shown in Figure 2.1, meticulously designed and proposed by EMBA curriculum of Feng Chia University in Taiwan. The concept differed with other studies mostly in that during the process of brand construction, it is divided to difference in low context and high context. Low context emphasizes in economic rationality and logic thoughts, with contents covering four parts: strategy and positioning, cost and finance, organization, and process; while high context pursues on creative thinking and cultural care, with contents of arts and branding, among which art is the category of humanism and aesthetics.

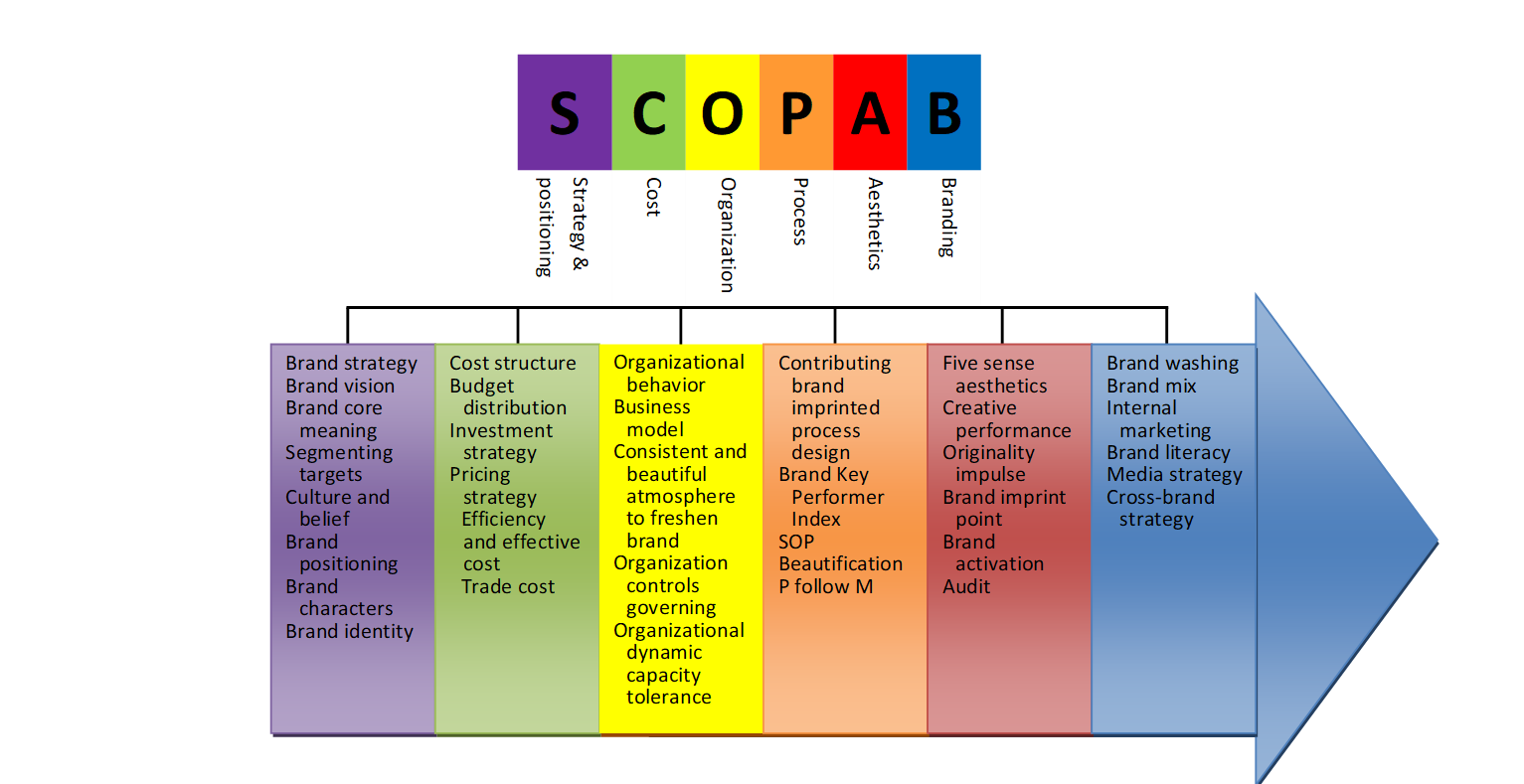


Figure 2-1 Six Elements of SCOPAB

(Source of information：http://www.extension.fcu.edu.tw/)

* 1. ***Diffusion of Innovations Theory***

“Diffusion of innovation theory” was introduced by Everett M. Rogers in 1962 and was further modified by studies. Diffusion of innovation is the communicating process of an innovative subjects going through certain channel of the social system over a period of time, meaning that the process of communicating innovative message is diffusion of innovation. Following the changes of time, as members of the social system apply, the process of communicating innovative message forms an S-shape Bell curve.(Rogers, 1983) In other words, the message to be communicated is new subjects, some participants in transmitting process have innovation and commonly share, hoping to achieve agreement. Because they share innovative subjects, so the transmitting process is both ways.

The diffusion of innovation consists of four major elements:

* + 1. *Innovation*

Innovation is a concept, method, or subject that, as long as the applicants think it’s new, regardless of how long it has been existing, or it has just been found recently, it is called innovation. Elements that affect innovation are as follows:

1. Beneficiary: If innovation is more beneficial than the original one, it is easier to be adopted; the measurement of advantageous extend can be economical, and can be social reputation, convenience, or satisfactory degree, etc.
2. Compatibility: Innovation must be in similar degree as existing personal value, past experience, and potential appliers’ needs. The higher the similarity, the easier it can be adopted.
3. Complexity: The lower in difficulty that innovation can be understood and used, the easier it can be adopted.
4. Testability: If innovation can be tried, it is easier to be adopted.
5. Observability: If the result of innovation can be observed, it is easier to be adopted.
6. Transmissibility: If innovation can be transmitted through communicating channels, it is easier to be adopted.
   * 1. *Communicating channel*

Innovation must be connected between adopters and potential adopters through some kind of communicating channels. This communicating channel can be public broadcast and can be direct communication among people. Usually the most important channel of innovation transmission is people’s imitation among themselves. With this transmitting method when homogeneity between two people gets higher, the transmission effect is better. Such homogeneity means the same belief, educational degree and social status, etc.

* + 1. *Time*

Diffusion of innovation must consider time factor in several areas:

1. Innovation and decision process: From innovation to last decision making, it must go through the five stages of knowledge, persuasion, decision, execution, confirmation. The appearance of every stage usually has its sequence. All time required by every stage is the time needed by innovation and decision.
2. Types of adopters: They can be classified as innovators, early adopters, early majority, late majority, and laggards, according to the relative time of adoption.
3. Adoption speed: It means the time needed for certain ratio of people adopting innovation.
   * 1. *Social system*

There are four layers within social system that would affect diffusion of innovation:

1. Social structure: There are official and nonofficial types. An official social structure is usually governmental agency while nonofficial social structure usually would form a communicating system. Both would diffuse innovation.
2. Social norm: It is people’s set behavior method in social system. If innovative subjects are compatible, they are easier to be diffused.
3. Opinion leaders: Usually those who have more communication with outside world, have seen and heard more, and have higher social status can accept innovation easier. Thus, they are often the center of communication network in social system.
4. Innovation decision types: Based on the extent of individual’s influence, there are three types: individual decision, group decision, and authority decision. The fourth type is a combination of two or three of the aforesaid three types, called decision with conditions.
   1. *Cognition Attribute Theory*

In 1955 Rogers proposed that innovation’s characteristic is closely related to recipients’ personal characteristic and social economical status. Thus, learning characteristics of innovation and recipients in depth is the first step of successfully diffusion and can examine through its relative advantages, compatibility, complexity, testability and observability. The study tries to re-induce the diffusion advantage of Taiwan tea by trying the five dimensions of cognition attributes theory to concretely illustrate its advantages.

* 1. *In-depth interview analysis*

For in-depth interview, “depth” means “to search more in-depth information than those obtained by ordinary interpersonal relationship”; interview implies the appearance of a moderator. Design of this study is through one-on-one interview, of which through direct statement of the interviewees to obtain information from individual’s internal dimension, such as: experience in the industry, knowledge, feeling, opinions, etc. Through interview the interviewees can describe in detail their professional opinion and actual experience of industry activities, thus supplementing the insufficiency in literature analysis and provide actual help and raise research quality of the entire study.

1. **Research Method**

***3.1 Study strategy***

The study applied quality research as major analyzing method. Quality research is the method that obtains results not through statistical procedures, mathematical computation, or other quantitative process. Quality research method is an interpretation work and usually is presented through cases.

On the other hand, the study uses one company as case study. According to Yin (1994), the reasons for conducting single case study include:

1. The case is the key case to test a well-formulated theory. Because the theory has concretely stated topic and the conditions applicable to such topic. Therefore, single case can be used to test whether the topic is correct, or whether there are more appropriate explanations that can contribute to knowledge and establish theory, and even has effect on the main points of future studies.
2. Such case represents an extreme or unique case. Because it is very rare, so it deserves to be recorded and analyzed.
3. Disclosed type case, for phenomena that cannot be examined by previous scientific studies, when researchers have change to analyze, such situations will arise.
   1. ***Data source and collection***

Data source of this study includes primary and secondary data of literature, interviews and direct observations, etc. Secondary data source is related units’ website, case company’s website, newspaper and magazine reports, information disclosed on internet, and master and doctoral dissertations. The collection of secondary data is mainly for providing researchers in understanding current status of industry and case company. Direct observation is that the first author of this study is a worker in tea domain.

Method of collecting data of this study consists of observation, interview, and utilizing existing data, etc. Collection of primary data is mainly to obtain related empirical data from interviews and to understand the actual condition as a major basis of the study. Collection of secondary data is mainly for providing researchers to understand current status of the industry and case of study.

* 1. ***Major interviewees***

Interviewees are mainly classified to two parts. No. A are authors of Taiwan tea books, professional tea maker and appraiser, owners of tea bag packaging material companies, owners of tea bag automation machine production companies, and persons in charge of tea brand marketing while No.B is former senior staff in the study case, TWG Tea of Taiwan. The entire interviewing process was recorded and subsequently put in written drafts, to be a basis for data analysis in the future.

* 1. ***Concept structure chart of this study*** *(as shown in Figure 3-1)*

**Diffusion Effect**

**Cognition Attribute Theory**

Relative advantage

Compatibility

Complexity

Testability

Observability

**SCOPAB**

Strategy position

Cost

Organization

Process

Aesthetics

Brand

Figure 3-1 Concept structure of this study

**IV. Overview of Taiwan tea development**

Taiwan has the most appropriate geographic location, climate and environmental condition for tea tree growth. Thus the place can produce excellent tea that push Taiwan to international arena and became world famous tea products.

***4.1 Origin of Taiwan tea development***

According to historical records, in as early as 300 years ago there had been wild tea tree growth found in Taiwan. However, it is not till 200 plus years ago that ancestors introduced tea species from Wuyishan, Fujian, China, to northern Taiwan for planting that Taiwan actually began to develop tea tree nurturing management and tea leaves making techniques. In order to understand the evolution process of Taiwan tea in last few decades, it can be explored from few obvious changes.

In 1864 Joho Dodd from England visited Taiwan and found that Taiwan tea possesses trade potential. Taiwan tea started to export in 1865 and in 1869 Taiwan tea was exported to the United States with the name Formosa Tea for the first time. Back then Taiwan tea for export was majorly Oolong tea, which is the Taiwan tea that is famous in the world. Afterward, in 1881 ancestors came to northern Taiwan from Fujian to establish tea factories to make Paochong tea to be exported. Subsequently tea traders from China came to Taiwan one after another to establish factories to make Paochong tea, thus eventually increased Paochong tea production, even to be equal to Oolong tea.

* 1. *Rise and fall of black tea and green tea*

The origin of making black tea in Taiwan started from Japanese occupied period in supplying domestic demand in Japan. In 1930 government of Taiwan established teat testing site in Caonanpo (present day Puxin, Taoyuan) to test making black tea. In 1905 Japan Taiwan Tea Corporation was established, specializing in making black tea. In 1926 Indian Assam tea species was brought in and Yuchih, Nantou became production center of Assam black tea in Taiwan.

The making of green tea began in Japanese occupied period, but not until around 1965 that Japanese steamed green tea making technique and equipment was brought in can Sencha be made and sold to Japan and East African countries. In 1973 the export quantity reached 12 million kilograms, achieving the golden age of Taiwan’s green tea export.

After WWII Taiwan made black tea and green tea mainly for export, which occupied 75%-80% of total production. In the 1970s industrialization developed speedily and labor cost increased, resulting in high production cost that is too high to compete with other countries. Thus, the tea market that originally exports black tea and green tea in major gradually transformed to make Paochong tea and Oolong tea for domestic demand. Tea export has largely reduced to about 10 percent of total production.

* 1. ***Changes in domestic market***

The decrease in export has resulted in large reduction of tea plantation in the north that majorly produced exported tea, while tea plantations in the central and southern area that majorly produced tea for domestic market have gradually increased relatively. Because Taiwan tea has transformed from export market demand to major in domestic sales, large tea making factories that specialized in making exported tea have largely reduced so self-produced and self-made tea farmers spreading in tea production area all over Taiwan have risen

* 1. ***Rising of Paochong tea and Oolong tea***

Because Taiwan people’s average tea drinking volume per year has largely grown in last thirty years, speedily increased from 0.3 kilograms in 1980 to 1.95 kilograms in 2010, the higher-end fermented tea demanded by domestic market, such as Paochong tea and Oolong tea, has grown speedily. The Tea Research and Extension Station in Council of Agriculture, Executive Yuan, has applied new technology and new skills to guided farmers to improve the making process of Paochong tea and Oolong tea. Thus Paochong tea and Oolong tea of Taiwan has its own characteristics. Every tea plantation also follow the environmental characteristics to develop all kind of specialized tea like Wenshen Paochong tea, Oriental beauty tea and Tongding Oolong tea.

* 1. *Evolution of Taiwan tea’s distribution channel* 
     1. *Majorly export period*

The marketing channel of tea is tea farmers rough made tea factories refined tea factories export, a simple channel. (as shown in Figure 4-1)



Figure 4-1 Marketing channel chart of Taiwan tea in period of majoring in export

Data source: Department of Industrial Management, National Taiwan University, 2005

* + 1. *Majority import period*

After 1981, sales and production of Taiwan tea has turned to domestic sales in majority and export in secondary. The import channel is complicated and diversified. Competition among channels is very intense. (as shown in Figure 4-2)

Figure 4-2 Marketing channel chart of Taiwan tea in period of majoring in domestic sales

Data source: Department of Industrial Management, National Taiwan University, 2005

The export and domestic sales of Taiwan tea was about equal, in stable supply and demand. However, with rising utilization value of land and increasing labor wages and cost of fertilization material, etc. year after year, production in tea plantation and sales must develop toward refinement to increase added value of products.

In analysis of marketing channel chart of domestic sales of export of Taiwan tea, it did not establish its own brand in marketing process of international export. In domestic sales only local farmers’ associations, tea stores, tea farms and retailers established their own brand to identify their places of production or companies. The study proposes that the process of brand establishment is an important gap for marketing Taiwan tea to the world.

1. ***Study and analysis on brand structure of case company TWG Tea***

Both Taha Bouqdib, the founder of TWA Tea and his wife, Maranda Barnes, who has been brand manager in famous brand company in Europe, have concretely realized brand communication work with the media. Everyone can receive their personal reply and communication about brand positioning, brand strategy, brand prospects or related information of organization, process, aesthetics or brand rights, etc. of TWG Tea in brand structure, through reporting in print media, newspapers, magazines, or internet media related to TWG Tea brand. In addition, the study also conducted in-depth interview with former senior management staffs of TWA Tea in Taiwan and the first author of this study has closely observed the industry in person. Data from studying and analysis on the process of TWA Tea brand structuring is summarized in the following.

*5.1* Using the six elements of SCOPAB to analyze logic and illustrate situations, data obtained from literatures and in-depth was categorized and analyzed in this study and finally how TWG Tea became a successful brand with highly approved brand right is analyzed through brand structuring process. (as shown in Table 5-1)

Table 5-1 Analyzing logic and situational illustration of the six elements of SCOPAB

| Concept | Implication | Definition |
| --- | --- | --- |
| Strategy Positioning | Brand prospect | Formed by core idea of organization (core values, core objective) and future prospects |
| Brand strategy | Strategies applied to distinctively differentiate company’s products, services and images from competitors in order to obtain competitive advantages and customers’ brand loyalty. |
| Brand positioning | The dynamic process of in-depth analysis on competitors in service or products, based on accurate judgement on consumers’ demand, to ascertain products differentiating advantages and unique position connected to consumers’ heart, thus transmitting to target consumers. |
| Brand character | Brand must be personalized to leave deep impression; should search and select symbolic objects that can represent brand characters and use core graphics and special character models to present special personality of brand. |
| Cost | Pricing strategy | Company’s pricing strategy is correlational to brand positioning. Good brand advantage is beneficial to high price positioning. |
| Organization | Organization | Organization is a system connected by many elements with certain methods. Elements to structure organization: organizational environment, organizational objective, management subjects and management objects. |
| Business model | Business model is the means and methods of how organization create, transmit and obtain value. |
| Process | SOP beautification | To systematically present aesthetics, it can be concrete or abstract. Brand is a beautified image given to consumers. |
| Aesthetics | Aesthetics of five senses | Five senses are to smell, see, taste, touch and hear all beautiful things. |
| Brand imprint aesthetics engineering | The part of brand that can be identified and easy to be memorized but cannot be spoken in words, including symbols, figures or obvious color or characters.  Organizations spread information of service or products through tangible or intangible carriers. |
| Branding | Organizational culture | Name of group consciousness, of which values, behavioral principles, team consciousness, thinking methods, working styles, mental predication and group belongings, etc. commonly accepted by all members of organizations. |
| Media strategy | The channel that advertisement planners based on characteristics of advertised objects (company or product) to establish objective or advertising media, and make sure to realize these objectives. |

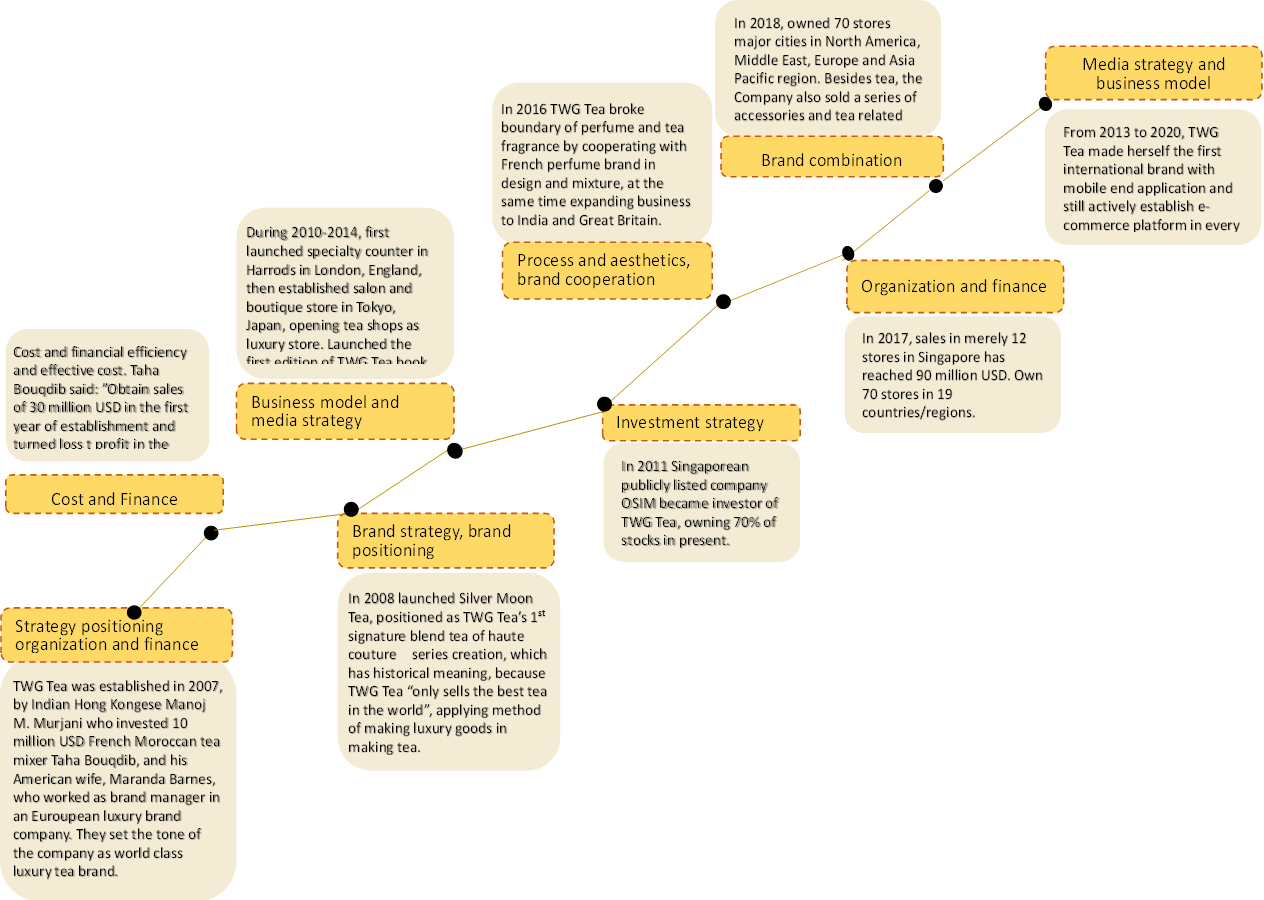
Source of data：this study

*5.2* Using the six elements of SCOPAB to analyze and illustrate data obtained from literatures and in-depth interview, as shown in Table 5-2 below:

Table 5-2 Key words of interview results

|  |  |
| --- | --- |
| S  Strategy positioning  Brand strategy  Brand prospects  Segment objective  Brand positioning  Brand characters  Brand identification  Culture and beliefs  Brand core meanings | ．Positioning as quality tea, since the debut TWG has targeted on high-end market. Under Maranda’s control and plan, TWA has entered Singapore’s top hotel, The Fullerton Hotel, Burj Al Arab in Dubai, and more than one thousand hotels of Starwood Hotels & Resorts Worldwide, Inc. The first-class cabin of Singapore Airline and ANA Airline, etc. also use TWA tea bags. In addition, regardless of tea salons for people to sit down and taste tea or retail channels, they must be in prime locations, like Sands Plaza in Singapore, shopping mall in Dubai hotels, Harrods in Great Britain, and Dean & Deluca in the U.S.A., etc., all locking tightly on quality tea course.  ．Among global professional tea brands, French national treasure class Mariage Frères, TWININGS used by British Royalty, the former has developed more than one hundred years while the later one has developed for three hundred years. Both developing backgrounds are full of historical tension, making the words as quality assurance, which is the competitor that TWG cannot dodge in retail channels. Especially Mariage Frères is almost the prototype of TWG creation. The effect of Mariage Frères can be seen from brand commodity design to stores, but TWG with latecomer posture boldly expand and strongly break into consumers’ heart let many people know TWG first and may not know Mariage Frères at all.  ．The sudden emergence of TWG makes many young brands in Taiwan envious. Taha’s suggestions to these competitors are that “Do not focus too much on financial condition. Because before creating a brand, you need to create your dream first, then money will follow you. The most difficult is idea and perfect execution. Finding fund is not the most difficult task. You have to believe the stuffs you make.”  (Hsu and Kao, 2016) |
| S  Strategy positioning  Brand strategy  Brand prospects  Segment objective  Brand positioning  Brand characters  Brand identification  Culture and beliefs  Brand core meanings | ．Positioning as quality tea brand, TWG Tea broke traditional bondage by focusing on wide range of people, especially young generation. They launched various flavored tea to make it complex and with personality like perfume. They used tea from more than 45 countries of origin to blend more than 800 types of single flavor tea and hand-made blended tea. It can be said that TWG Tea owns largest volume of tea products combination in the world.  ．TWG Tea owns clear brand positioning. Since the starting of establishment the company has determined to make “TWG Tea The Finest Tea in the Worlld”. In the 9 years of development such brand belief has been instilled in all process of production and operation. The company searches and collected good tea all over the world to research, develop and innovate, and with timely publicity and promotions, has rapidly establish brand image and make consumers to identify with.  In order to comply with such positioning, TWG Tea made tea like making luxury goods and open tea shops as luxury goods stores.  ．TWG Tea not only rapidly expanded stores globally, the company has come tea supplier of global high-end hotels, high class restaurants, and international airlines, through channels of first-class cabin and airports, etc. to get in tough with high-end consumption class, with footprints covering 42 countries. **“In the future TWG Tea will cultivate and expand existing channels to win higher market share.”**  ．**World luxury tea brand** is how TWG Tea positioned itself and surrounding this positioning to continuous differentiate and uniquify brand itself. Perhaps this is why TWA Tea becomes the synonym of fashion and modern tea culture.  (Panda, 2017) |
| ．Another very important reason is that we saw a blank market back then. Looking around there was no globalized tea brand that is positioned in high—end. From Canada to London, Bangkok, Shanghai, and Singapore, there was no highly identifiable quality brand of tea from different parts of the world that customers can just walk in the store and drink. This is a huge finding for us. We cannot not take actions.  ．At the same time we were looking for places that do not produce tea. This is very rare in Asia. We hope to operate the brand in a neutral environment and tell stories of tea from different countries of origin and become the United Nation of Tea, not just be defined as a brand from some tea production country. |
| S  Strategy positioning  Brand strategy  Brand prospects  Segment objective  Brand positioning  Brand characters  Brand identification  Culture and beliefs  Brand core meanings | The consumption market of Singapore is very small. We set our headquarter in one of the smallest countries in the world. This is very risky, but also means that we have made our internationalized position on day one.  ．The process of building brand also include making TWA Tea the authority of the industry. There are more than 800 single flavor tea and blended tea in our menu. You probably do not know that Hawaii also has black tea production, but these minor or precious tea can all be found in TWG Tea menu. We even published TWG Tea Book.  ．In present our structure is 40% wholesale and 60% retail. We hope to maintain this structure so we can fully face end consumers. The feedback of end consumers can illustrate how we can influence wholesaler better. Our customers include star chefs, which is not only a sales channel to us, but an important feedback channel so we get to understand what they like to use tea for and what experience they bring to clients with tea. Every channel is important. In addition to sales volume, marketing value and market survey value both need to be considered.  ．At the beginning of founding TWG Tea there has been a clear prospect. Taha deeply understood that to be a market leader one cannot only reply on market survey to bring surprise to consumers. We ourselves need to become the source of surprise. Let consumers to find and feel excited through continuous products development. For example, we introduced concept of haute couture of fashion industry to the design of our blend tea products. Limited edition of special blend tea series combining season and region is launched every year, which is elaborately made from tea combination, package design to stories.  (Shen and Hwa, 2016) |
| S  Strategy positioning  Brand strategy  Brand prospects  Segment objective  Brand positioning  Brand characters  Brand identification  Culture and beliefs  Brand core meanings | ．Maranda Barnes：From the first day we founded TWA Tea for global consumers, we have defined the brand as luxury tea brand.  ．Maranda Barnes：At this tenth anniversary point, our journey has just started! TWG Tea has input large amount of capital in building internal fundamental facilities to maintain or even surpass current expansion speed. We finally launched TWG Tea Academy last year and brand new omnichannel e-commerce/mobile business platform and membership plans. At the same time, the company continues to enlarge brand influence and expand to wide tea drinking market of China, Europe and North America, etc.  [7] |
| ．Expanding strategy in Taiwan, opening stores in most prime location and most high-end landmark.  ．Focus on people, thing, and objects related to travel, such as airlines, five star hotels, high-end restaurants, etc. for people to drink it. You can enjoy fun of tea drinking like nobility in TWG Tea salon in the city you live and cities you travel to.  (Interviewee：Lin,○○, 2020/04/05) |
| C  Cost  Cost structure  Budget distribution  Investment strategy  Pricing strategy  Efficiency and effectiveness cost  Trade cost | ．The tea of TWG all come from contract farming or purchase. The joining of Manoj M.Murjani has largely increased capital strength of TWG. A tea specialist himself, Taha found top tea blending professionals, tea tasters, and brand designers from Europe to build brand and even invited Michelin deserts chef as partner. At the same time he founded tea research lab to explore how to plant good tea, make good tea, thus creating tea professional images. By the end of 2008, the tea plantation selected by TWG was evaluated as one of the best tea plantation in Darjeeling, India, setting the foundation of the image that TWG only sells good tea.  ．The starting of TWG indeed drew much attention. Taha said that TWG “had 30 million USD sales in the first year of establishment and started to profit at the third year”. In 2011, OSIM, publicly listed company in Singapore, obtained 35% of TWG stocks with 31.36 million USD to become the largest shareholders and consequently increased holding to nearly 70%.  (Hsu and Kao, 2016) |
| ．The first store of TWG in Taiwan is Breeze Xin Yi. Breeze Xin Yi is a well known ladies’ department store, which may celebrities from political, business, and show business like to shop. The store of TWG is around 397 square meters and furnished by “total factory export” mode, in which all furnishing material, including ceiling, floor, wall and tea products were imported to Taiwan from Singapore, costing 18 million NTD. The sales amount in the first month of operation exceeded 8 million NTD.  The second store was set in Taipei 101. Taipei 101 is the landmark that tourists from all over the world would definitely visit when come to Taiwan. It is the gathering place of travelers and business men and women. When I was in the position the company opened five stores, with annual sales amount over 100 million NTD.  ．Take the top luxury tea bag gift box of TWG as example, content in every box: 15 packs of 2.5 g tea bag, every tea bag is hand sewed and contains 2.5g of unique tea mixers, sales price is approximately 750NTD, 1.3 times of the price in Singapore.  (Interviewee：Lin, ○○, 2020) |
| O  Organization  Organizational behavior  Business model  Consistent and beautiful atmosphere to freshen brand  Organizational control and governance  Organizational dynamics capacity | ．As Moroccan French, Taha studied law in university and has worked in century old French brand “Mariage Frères” for fifteen years, familiarized with all kind of western blended tea. Maranda came from quality goods industry, knowing game rules in quality goods market well. After they met Manoj M.Murjani, CEO of Tommy Hilfiger, name cloth brand in North America, Taha’s dream of starting business came true. The iron triangle formed by these three people was in position and started to expand strongly.  (Hsu and Kao, 2016) |
| ．TWG Tea has caught numerical trend early and follow the trend in real time. In as early as 2013, TWG has become the first international tea brand to involve in mobile application. At the same time, brand official website also provided platform to consumers in some countries to browse, select and purchase products better.  (Panda, 2017) |
| ．We love challenges in nature and both appreciate extreme experience and quality. Founding a company is more like a personal decision than a business plan. We never wrote business proposal before. Start from products, then slowly build brand. Luxury brand is naturally born, not planned. More came from our mind that want to bring good experience to consumers.  ．Different from many brands that started from wholesale channels, TWG launched tea products salon and quality goods retail stores concept at early stage of founding. How did you plan that? The charm of luxury brand is that people hope to generate some kind of connection. Wholesale business may need ten years to build network. Indeed we have also started from wholesale, but at the same time was have prepared concept of stores very early. In the first year we visited many hotels, chefs, restaurants, and airlines, using products to speak for ourselves. However, we both knew at the same time that if we have teahouse and retail experience, wholesale clients would recognize us more, hoping to form word of mouth connection with our brand, so we can further pick our wholesale clients. |
| S  Strategy positioning  Brand strategy  Brand prospects  Segment objective  Brand positioning  Brand characters  Brand identification  Culture and beliefs  Brand core meanings | ．I and Tara, another founder of TWG Tea (Maranda’s husband) have a very complementary experience. Taha is a Moroccan French. He was in tea trade related work in French for a very long time prior to 2008 and has accumulated fourteen years of experience in tea field and has established direct connection with high quality tea plantation in many places of the globe. He also became a specialist in blend tea. Tea industry is not as open and transparent like wine industry. The relationship network of the industry is very important. As for me, I have always been in brand management of luxury perfume, responsible for sectors from product packaging to market promotion, etc. Our complementary experience is the foundation for brand establishment.  (Shen and Hwa, 2016) |
| ．In Taiwan, Japan, China, and Korea, the form of expanding stores is all that TWG Singapore company cooperating with local owners, like franchising, such as in Taiwan, Hong Kong, and China the company has cooperated with OSIM International, jointly owned by OSIM 51% and TWG Singapore 49%.  ．We also stress on employees’ service experience. Let customers feel honorable is our job. The entire service process is very strictly trained.  ．In Taiwan service staffs’ foreign language ability and appearance are also very important. At the beginning supervisors on-site are all senior experienced staffs sent by headquarter to station for training works. It is the consistency the company requires in brand shaping.  (Interviewee：Lin, ○○, 2020) |
| P  Process  Contributive brand  Imprint process design  Brand Key Performer Index  SOP beautification  P follow M | ．All commodity in the salon surround the theme of tea, from deserts to scented candle, etc., all extended from tea. Opening eloquent menu, there are more than eight hundred type of tea, from dark, black, white and green single flavor tea to blend tea, including all tea growing area all over the world, very dazzling. Growing up drinking sweet black tea of Morocco, Taha insisted that sales method, products combination, and products introduction all cannot be careless, “because these details are the brand’s DNA.”  (Hsu and Kao, 2016) |
| ．Using Singapore to tell tea story, established in 2008, the major founders of TWG Tea are Maranda Barnes from the U.S.A. and Taha Bouqdib form Morocco.  Interestingly, the origin of brand chosen was not either one’s country, but positioned in Singapore, a country with agricultural production value occupying less than 0.1% of national GNP and has no tea production and even no special tea culture.  For this, Maranda Barnes stated that there are three major reasons to choose Singapore as brand’s place of origin:  First, with advantage of geographic location, Singapore has always played an important role of world trade port and has established her unique status of tea trade hub starting from the 19th century.  Second, just because Singapore is not tea’s country of origin, when talking about Singapore, people would not think with limit about some kind of tea. Choosing such place as country of origin on the contrary has given the brand more possibility, fulfilling our vision in collecting and selecting good quality tea for customers in global scope.  Third, Singapore is a country of integrating diversified culture, with wide acceptance and generosity, which matched the brand belief that TWG Tea insists.  In addition, because tea is an object so serious and has historical quality. In order to adapt local culture, the emerged Year 1837 in TWG Tea logo aims to praise a segment of great history that since that year Singapore has become trade station of tea products, vanillas and luxury leisure quality goods.  (Panda, 2017) |
| P  Process  Contributive brand  Imprint process design  Brand Key Performer Index  SOP beautification  P follow M | ．TWG Tea is like an intruder. On its menus there are more than 800 single flavor tea and TWG Tea blend tea. It opened tea taste salon in high end commercial district and match tea with French desert and dishes with tea flavor. You can also see its golden logo in lounge of some high-end hotels and international air travels. It built its image of luxury tea taste brand through various dimensions of products, visuals, channels, and experiences, etc.  ．In 2013 when we sensed the need of building online channel in digital age, I decided to do unusual things. The first is to develop mobile App to directly cut in mobile commerce and obtain very good effects, so we established website. In addition to sales, our mobile site products are more like a tea sommelier that can be held in hand. Lots of consumers are shocked by our complex menu when coming to our store. App is a very good channel for consumers to obtain tea knowledge.  (Shen and Hwa, 2016) |
| ．Taking Taiwan as example, using the financial capacity of local owners in Taiwan and existing business foundations, plus TWG Tea brand, it can exert very good overall benefit.  Foreigners can understand Taiwanese culture easier. Regional manager of Taiwan was promoted to person in charge of big China region. Shanghai store is the template of big China region. Chinese speaking market is totally for OSIM International. Hong Kong has similar culture like Singapore, so it is mainly for Singapore company.  ．TWG Tea positioned itself as luxury brand and redefined consumers’ image on drinking tea. It wants to integrate visuals and touching feeling, in addition to taste, to give consumers a feast like enjoyment.  (Interviewee：Lin, ○○, 2020) |
| A  Aesthetics  Five sense aesthetics  Creative performance  Originality impulse  Brand imprint point  Brand freshening  Audit | ．Maranda, who’s in charge of handling brand image, paid much attention to details. All commodity’s exterior package design, on-site display of tea salon, light effect reflected on commodity, the height of tea pot held and angle of tea poured to porcelain cup by service staffs, even the displayed line of tea flowing must be approved by her. All is for “when tea fragrance diffuses, guest’s visual, smell, and hearing senses can all be satisfied, “ said by Maranda.  (Hsu and Kao, 2016) |
| ．The product packaging of TWG Tea is very distinguish. Such as high-class custom-made series tea, the tea flavor conforms to seasonal changes, its package design also integrated the newest fashion element. It all present the uniqueness and eclectic of TWG Tea hand-made blend tea.  Elegantly shaped tea caddy, dazzling manual blowing glassware, porcelain, pottery and cast iron teapot, fine bone china tea cup, tea plate, sugar jar, tea filter, and variety of tea spoon, all presented in tea set series.  ．TWG Tea is also composed of many details: Exclusive introduction words on package of every types of tea; 100% pure cotton tea bags are hand sewed; all service staffs wear fitted suits…either from senses or service experiences, these details all let consumers feel the attentiveness of brand.  (Panda, 2017) |
| ．With multiple visits to many places of the world, it provided researching and developing new products much enlightenment, including details in color, odor, experience, and material, etc. It also gave us inspiration in creation, areas of products exterior design, naming, and interpreting tea products, etc.  (Wang, 2018) |
| ．Taking furnishing as example, salon and boutique stores were furnished with main context of combining traditional and modern elements, using warm and meaningful high-end mahogany and clear brass, matching with mirror surface marvel floor for low-key presentation, simple and stylish French window, shining gorgeous chandelier and brilliant antique copper, specially custom-made unique style cylindrical roller as column frame, with wall full of yellow tea caddy of TWG Tea symbol, which is also the visual image most attracting people.  (Interviewee：Lin, ○○, 2020) |
| B  Branding  Brand  Brand mix  Internal marketing  Brand appreciation  Media strategy  Cross brand strategy | ．If you think that TWG with brand tag of 1837 is a century old brand, you are absolutely mistaken. It is actually an eight-year young brand. When the CEO, Taha Bouqdib, founded this brand, he was only thirty-eight years old. He and his wife, Maranda Barnes, jointly made globalized TWG quality tea brand a hit.  ．Employees go deep in tea making spirit. Story behind every cup of tea can be transmitted to customers.  Jen-Chuen Tseng, the trained manager in Taipei 101 TWG Tea salon, originally worked in quality goods industry. Now he has switched to sell tea, there is no feeling out of place at all. He described that in order to enter tea world, the headquarter sent him to Singapore for training for one month. He followed tea taster and tea maker everyday to know tea leaves. He bought notebook to class and recorded the odor and taste of all eight hundred tea drinks he has drunk so he can “clearly state characteristics of formula in every type of TWG blended tea to meet criteria,” to fulfill what Taha often said: “You don’t have to sell tea. You only need to tell customers the story behind tea and brand spirit. Don’t pretend to understand to say that ‘Oh. You don’t know tea. I’ll teach you. ’ If you don’t have soul, no DNA, it is just an ordinary tea and the spirit of making tea has been lost.” (Hsu and Kao, 2016) |
| ．In mobile internet age, TWG Tea even developed an APP for fashion loving young people. You can search the tea you want through this APP and find a TWG Tea store closest to you.  Maranda Barnes thought that the 80s, 90s and 00s are the hardcore consumption strength. As new generation consumers, they love unique brand and products that can manifest their characters and at the same pursue freshness and quality.  Continuously insisting on innovation, TWA Tea can exactly satisfy their desire on trying new things and objects. “More and more young consumers like to share in social media platform their knowledge gained from enjoying afternoon tea in our salon.”  (Panda, 2017) |
| B  Branding  Brand  Brand mix  Internal marketing  Brand appreciation  Media strategy  Cross brand strategy | ．In 2016 TWG Tea sublime luxury tea to astonishing olfactory experience, breaking the boundary between perfume and tea fragrance by secretly cooperating with a French perfume brand in design and formulation. At the same year the company also launch symbolic orchard tea pot by applying vivid color and golden tone to add some modern sense on classical tea set, thus reflecting fashion of haute couture world more.  ．Maranda Barnes：The first edition of TWG Tea*Book of Tea* was published in 2011. I spent four years to study deep and profound of tea. It also includes some anecdote from my many years in the business. The second edition was published in 2015 and has eventually become the treasury of TWG Tea appraisers and brand clients. From this book they can understand more about TWG Tea’s single flavor tea, quality tea and messages of exclusive blend tea.  (Wang, 2018) |

Source of data：This study

* 1. **According to information from literature, the S-Shape graph of TWG Tea development is shown in Figure 5-1.
  2. Figure 5-1 Tea Development S-Shape Graph

Source of information: the study

*5.5* The process of TWG Tea brand constructing is shown in Figure 5-2.

Figure 5-2 Structuring Process of TWG Tea Brand

Source of information: the study

From literature and transcript of in-depth interview to organize key implications related to the six elements of SCOPAB in analyzing logic and scenario description to form process graph of TWG Tea brand construction.

To summarize literature information and keywords in interviewed contents and process of innovation diffusion, the process of TWG Tea brand construction is organized and analyzed:

1. Starting from strategy positioning, it includes vision build-up, brand differentiating positioning, establishing brand core meaning and distinctive brand personality.

2. Introducing exterior funds to speed up development. Cross-industry cooperation strengthens regional franchising management advantages, lowering cross-national operating risk, total normalized export of entire factory’s furnishing and equipment, and products, to increase sales for mother company in Singapore, and reduce cost.

3. Strengthening organizational internal function, introducing tea blenders, Michelin three-star baker, professional managers, strengthening organizational ability.

4. Through series of brand tool planning and visual design and luxurious consuming experience, bringing deep imprint in consumers’ and user’s heart.

5. Five sense feast of boutique salon, applying five senses of eyes, ears, nose, mouth and hands, aesthetics to make brand fresh, “when tea fragrance diffuses, guests’ visual sense, smell sense and hearing sense can all be satisfied.”

6. Through brand communication process, publicize all message that brand intends to transmit through multiple media, and also market the message internally to establish consistent brand culture and belief, all six compose foundation of TWG Tea brand structure.

7. The company’s tea products, under tea makers’ careful modulations, bring to users convenience of drinking and brewing, and at the same time raising tea’s profit. It has innovative profitability, compatibility, simplicity, testability, observability and communicability. The simplicity, elegance, novelty, convenience in using let users compete to imitate and largely shorten communication channel and time delay. This is another circumstantial evidence of how TWG Tea can fast rise and whether it can be imitated by Taiwan tea business owners is worthy to be paid attention to.

1. **Conclusion and Suggestion**

Tea has wide audience in Taiwan. Tea drinking culture also has long history. Profound and continuous advancement in planting and tea making technology not only optimized Taiwan tea industry, but also enhance commercial value of tea itself. However, Taiwan tea industry’s awareness in brand is relatively weak and cannot walk to international arena to be seen by the world. The study suggests that development focus of Taiwan tea industry should turn from “making products” to “making brands”. It should start from brand construction. The study obtained following conclusion and suggestions:

*6.1* At the beginning of TWG Tea establishment there has been a clear vision. Since its debut it has locked on high-end market and positioned to be quality tea. Many people instead knew TWG Tea first, not necessarily knew Mariage Frères. TWG Tea continuously differentiates and uniquifies brand itself. Perhaps this is the reason that TWG Tea became a synonym of fashion and modern tea culture. Tea tea must have the determination and consciousness of brand operation, starting from clear strategic positioning.

*6.2* TWG Tea combines season and region every year to launch limited edition characteristic blend tea series. From tea collocation, package design to story, all are carefully customized. Taiwan tea has different charm, fragrance, tea soup, and taste in spring, summer, fall, and winter, in differentiation and distinction. If Taiwan tea wants to successfully establish brand it must be endowed a story of vitality.

*6.3* TWG Tea emphasizes on travel related people, thing, and objects, like airlines, five-star hotels, high-end restaurants, in which you can all drink tea. You can also enjoy tea drinking fun like nobility in TWG Tea salons in the city you live or the city you travel to. For Taiwan tea’s store expansion strategy, in addition to open stores in most prime business district and most high-class landmark, shape Taiwan tea through product itself in visual sense, channel, and experience to establish own specific images.

*6.4* Taking TWG Tea’s development in Taiwan as example, using Taiwan’s local business owners’ financial strength and existing business foundation plus TWG Tea brand can exert good overall benefit. Therefore, Taiwan tea has high pricing market segment and target market of young generation and middle-aged groups with consumption ability. Brand value holds market position of high quality Taiwan original tea, so how to pull in capital is rather important. When expanding to other places combining local business owners’ capital input can speedily exert synergy, seizing advanced opportunity in market.

*6.5* TWG Tea became the first international tea brand dipping into mobile application. At the same time official website of the brand also enabled consumers in certain countries a platform to better browse, select and purchase products. In the mobile internet age, TWG Tea even developed an APP for fashion loving young people. Through this APP you can search for the tea you want and the nearest TWG Tea shop. Taiwan tea certainly should start now to utilize digital technology and AI talents to devote in developing website platform that complies with new generation consumers in pursuing new and unique quality and middle-aged group with consumption ability, advocating that nature can highlight their taste. Focus on hardcore consumption in next ten years to satisfy their desire in trying new stuffs to build social network media in sharing experience of drinking Taiwan tea.

*6.6* TWG Tea applied aesthetics and five feelings and six senses to sublime luxury tea drink to astonishing smell sense experience. It breaks boundary between perfume and tea fragrance with cooperative design and blend with a secret French perfume brand. In the same year the company also launched symbolic orchard tea pot, applying lively color and golden tone to add some modern feeling to classical tea sets, and can reflect the fashion sense of haute contour more. Taiwan tea can also infuse art of humanities and aesthetics, etc., that can transmit Taiwan meanings and add traditional ritual sense and high context of tea art during brewing process, collocated with tea ware and music that can connect Taiwan culture, thus enhancing identification of Taiwan’s new generation tea bags to consumers.

In addition, according to analysis of the five dimensions of Roger’s (1995) recognition attribute theory, the study induced diffusion advantage of Taiwan teabag as Figure 6-1. It reveals that if Taiwan loose tea can focus on market with new style, there will be infinite potentials.

1. In relative advantages: It means the extend that innovation is better than the existing concept or technology, usually measured by economic profit, reputation in the society or other methods. When brewing, Taiwan tea bag appeared to be easier to be grasped than loose tea in brewing techniques. Its characteristic of easier to brew, easy to carry, easier to clean tea dregs, consistent quality of tea soup, etc. are all those loos tea cannot compete with.
2. In compatibility: It means the extent that innovation is seen as consistent with existing value system, past experience and potential accepters’ needs. The higher compatible is, the lower is uncertainty for potential acceptors and at the same time more eager to know his current situation. Compatibility also helps individuals in understanding meaning of innovation and make it more affinity. The study tried to compare Taiwan tea bags and loose tea with the following reasons:
3. Social value system and belief system- Tea drink flavor of Taiwan tea bag would not be less than common loose tea because of exterior appearance or form of packaging, but is easier to use.
4. Thoughts of being promoted in the past and accepted-Users mostly have had tea bag using experience.
5. Clients’ demand for innovation- convenience in using is the main stream value of present society.

c. In complexity: It means the degree of difficulty in understanding and using innovation. Every innovation can be classified based on degree of difficulty. Some innovations’ meaning can be easily understood by potential acceptors, but some are not. Because purchasers and users have had tea bag’s using experience, there should be no gap when understanding and using Taiwan tea bag.

d. In testability: It means the extent that innovation can be tested on limited basis. Usually those innovations that can tested in stages are more acceptable by people than those that cannot be tested. Some innovations are hard to be divided for testing in stages, but are very doable. Individual trial is to interpret innovation with individual method. The major quality of Taiwan tea bag still depends on whether tea is good or bad. Under the condition of strictly controlling tea quality and brewing condition, the using experience should be relatively consistent.

e. In observability: It means the extent that innovation results can be observed by others. Some new concepts can easily be observed and at the same time be understood by others; while some innovations are not easy to observe and are not easy to describe to others. Tea bag and loose tea has rather large difference in exterior and is easy to generate connection with using experience of black tea bag.

Compatibility

Testability

Complexity

Observability

New product is easier to be controlled in brewing technique

New product is easier to brew

New product is more convenient to carry

New product’s tea dregs are easier to process

Tea soup quality of new product is consistent.

Tea soup flavor is the same as loose tea.

Same like using tea bag.

Controlling main stream value of “convenience”.

It’s easy to use new product.

It’s simple to conserve new product.

It’s easy to purchase new product.

Aftercare of new product is easy.

New product can use green package design.

New product’s exterior differs from loose tea a lot.

New product is easy to identify.

Using method of new product is at a glance.

Quality of new product brewed is easy to control.

Flavor of new product is consistent with characteristic of tea region.

Brewing method of new products tend to be the same.

Relative advantage

Figure 6-1 Innovation attribute recognition of Taiwan tea bags

Source of information: The study

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