

**University of Exeter Business School** 

**Business Report of Tregothnan Tea** 

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# 1. Executive Summary

Tregothnan is a distinguished company which produces locally-grown tea. In this paper, Tregothnan's internal, and external analysis and its competitive position are going to be discussed to understand the place of Tregothnan in the market. A SWOT analysis is going to be created to observe its strengths, weaknesses, opportunities, and threats. In addition, the most appropriate target audience is going to be identified by investigating geographic, demographic, and psychographic segmentation to find the best marketing strategies to reach out to as many potential customers as possible. Moreover, SMART objectives will be defined by their KPIs and metrics to control them throughout the marketing plan to see whether they work correctly or not. Furthermore, various offline and online marketing strategies such as market penetration, which is a part of Ansoff Matrix, and influencer marketing are going to be suggested for Tregothnan to increase its awareness and sales. Regarding its website, different SEO strategies which enable it to rank are going to be recommended for Tregothnan to fix the problems on its website and enhance it. In terms of offline marketing, Tregothnan is going to collaborate with Starbucks to promote its tea by launching bubble tea which contains different flavours. Moreover, one famous barman who is an influencer on Instagram and one chef who usually cooks desserts are going to be utilised for influencer marketing. Both are expected to create 3 different videos while making cocktail and dessert that contains Tregothnan tea to show their followers what they could make with tea. In this business report, in order to understand how much money is going to be spent, the budget and amount of money which is anticipated to earn are going to be calculated for Tregothnan. Moreover, a timeline which demonstrates the actions of strategies step by step is going to be created. Finally, plentiful metrics are going to be identified in order to monitor KPIs and a contingency plan is going to be generated for Tregothnan to implement if it faces some problems during the marketing plan.

# 2. Company Brief

Tregothnan is a food and beverage enterprise that produces tea, honey, and biscuits. Tregothnan is the first company to produce locally grown tea (Tregothnan, 2023), which is the most distinguishing characteristic of the business. In addition, Tregothnan hosts events in their botanic gardens where guests can observe the tea-making process and sample Tregothnan's products. Additionally, the company offers a variety of locations for people to consider as vacation alternatives. Although they offer a variety of products and services, this paper will focus primarily on tea.

# 3. Situational Analysis

# 3.1.Internal Analysis

To analyse their internal analysis, the 4P model can be used for defining the product, price, place, and promotion. Tregothnan is a luxury tea company which has 6 tea categories and a wide variety of tea. In terms of the price of tea, Tregothnan can be regarded as expensive by 8-32.50 pounds when it is compared to its competitors. The company has both physical and digital stores to distribute its products. In terms of promotion, Tregothnan usually implements traditional strategies such as TV ads. Moreover, it has several partners which are collaborated such as Brita, Kitchen Food, Demarquette Chocolates, and Ballymore. Furthermore, the company also applies many digital strategies to promote its products on social media channels. It has Instagram and Facebook channels which they use actively. Additionally, it utilises paid media marketing to advertise its tea on Google.

# 3.2.Competitive Position

Tregothnan is considered as an expensive and luxury brand. Some of the key rivals of Tregothnan are PG Tips, Tetley, Twinings, Jing, Mariage Freres, Whittard, and Yorkshire Tea. According to statistics (Kantar, 2022), when it comes to drinking tea, the products which belong to PG Tips and Yorkshire Tea are the most preferred products by tea enthusiasts. Moreover, Twinings appears at the top of the list.

In terms of pricing, Tregothnan tea is the most expensive among the brands which are listed above. Statistics conducted by Statista (2019) demonstrate that people tend to purchase more affordable tea brands. So, it may imply that tea lovers are not willing to spend a lot of money on tea.

In terms of digital marketing efforts, Whittard and Mariage Freres are highly active on social media channels, and they have a large number of followers on their social media accounts. Moreover, these companies usually utilise their social media channel to give inspiration to their followers by sharing beneficial content which users can try in real. For example, the contents in Whittard's Instagram account are generally recipes which contain tea to show how followers can use their tea in different foods. Additionally, their recipes are related to the season. For example, these days Whittard is sharing some recipes that people can freshen during summer. They promote their tea as a solution to a problem which means people feel refreshed when they make the recipes which Whittard provides in hot weather. On the other hand, Tregothnan usually shares some content which shows the story of tea production or their gardens. So, there are few contents which people can benefit from on their

social media channels. For this reason, its competitiveness in digital media is weak among its competitors.

In terms of website visibility, Tregothnan should update the contents which are shared on their websites because the website of it does not appear in some searches related to tea as a result. For example, as can be seen in the first image in Appendix A, "earl grey" and the keywords related to early grey are less competitive which means when a user search for these keywords, the websites which utilises them could appear at the top of SERP. However, when "earl grey" and relevant keywords are entered into the seek bar, Tregothan's website does not appear on the first two pages which means that Tregothnan does not create content related to keywords which it can use as an opportunity while its competitors benefit from them to rank. According to Semrush (2023), Tregothnan is the 28th website on SERP when early grey is searched. So, in terms of SEO efforts, it appears that Tregothnan is currently lagging behind its competitors.

# 3.3.SWOT ANALYSIS

# **STRENGTHS**

- Production of home-grown tea.
- Wide range of partnerships.
- Inventor of tea harvesting machinery.
- Wide variety of tea.

# **OPPORTUNITIES**

- There is a rising need for healthy substitutes that are lower in sugar and cholesterol. Tea is thought to have long-lasting positive impacts on health as a beverage option. (Khan, 2019)
- According to BBC (2023), %84 of the UK population drinks tea every day. Moreover, tea consumption has been rising day by day in the UK.
- The inflation rate has been decreasing which may imply that people may allocate money to get Tregothnan's tea which is more expensive than other brands (Office for National Statistics, 2023).
- %84 of the UK population can be considered as active social media users (DataReportal; We Are Social; Meltwater, 2023).

# WEAKNESSES

- Limited digital marketing initiatives, which have a negative impact on visibility and awareness.
- Expensive tea price.
- Restricted geographical scope.

# **THREATS**

- There are lots of preferred huge companies which produce tea in the UK (Eurostat, 2023). So, competition is high in the market.
- Growing concerns about environmental sustainability and packaging waste could lead to negative perceptions of tea products that are perceived as contributing to environmental problems.

# 4. Customer Segmentation

When it comes to defining a target audience, various segmentation factors such as geographic, demographic, and psychographic segmentations could be utilised.

In terms of geographic factors which include region, address, language, etc. (Beane & Ennis, 1987) target audience should be regarded as people who live in the United Kingdom because in this study, how Tregothnan can grow in the UK market will be discussed and recommendations will be created for this market.

Concerning demographic features which have various variables such as gender, age, income, education, etc. (Beane & Ennis, 1987) millennials who are in the 25-40 age group and who have middle income and high income should be included in the target audience. These demographic features indicate the target audience of Tregothnan for the strategy which will be discussed in this paper because digital marketing strategies will be utilised for growing Tregothnan's market presence in this study. According to statistics carried on by Statista (2023), the age group that uses social platforms, especially Instagram (NapoleonCat, 2023), the most is millennials. Moreover, statistics demonstrate that the majority of people who use social media have a middle and high income (Statista Consumer Insights, 2023) which means the majority can afford Tregothnan's tea easily in the digital world. In addition, according to a survey, middle- and high-income people prefer tea more to other beverages (Alda & Biagi, 2022).

In terms of gender features, statistics conducted by Statista Consumer Insights (2023) show that the proportion of both sexes using social media is the same, so gender will not be taken as an important variable in this study.

Regarding psychographic features which indicate people's lifestyles and personalities (Beane & Ennis, 1987), the target audience should include people who have a habit of drinking tea or eating food which contains tea. Moreover, enthusiasts who are eager to try different luxury tea products should be included in the target audience. Moreover, they should be who are highly active on social media channels daily, especially Instagram because the digital marketing campaign will mainly focus on Instagram.

# 5. Smart Objectives

- 5.1. Short-term objective Achieve a 10% growth in sales and brand recognition over the next half-year through strategic collaboration with influential individuals.
- 5.2. Long-term objective Achieve a 10% rise in website traffic over a year by effectively implementing search engine optimization techniques.

5.3. Long-term objective - Attain a trading turnover of £5 million within the upcoming three years through a sustained collaboration with an RTD company.

# 6. Recommendations

# 6.1.Partnership with Starbucks

To find the best strategy, market development which is one of the parts of the Ansoff matrix will be utilised in this paper. The strategy is to make bubble tea by Tregothnan's tea in the coffee market by collaborating with Starbucks.

# 6.1.1. What Is Bubble Tea?

Bubble tea is a unique and popular beverage which contains tea, milk, or fruit flavours, served with chewy tapioca pearls or other toppings. It is known for its delightful combination of flavours and textures.

# 6.1.2. Why Bubble Tea?

Today, bubble tea is a highly popular tea product around the world. Moreover, according to market research, The UK's bubble tea market possesses a substantial portion of the European market and is anticipated to grow at a compound annual growth rate (CAGR) of 8.5% until the year 2032 (Persistence Market Research, 2021). Furthermore, anticipated by 2032, the U.K. bubble tea market is poised to achieve a market value of approximately US\$ 134.5 million, driven by the country's enthusiastic and open-minded approach to experimenting with novel beverages (Persistence Market Research, 2021). Accordingly, bubble tea which contains Tregothnan's tea might be an effective idea to promote the products and increase brand recognition because the taste of bubble tea depends on the tea quality. Since, Tregothnan produces high-quality tea, when enthusiasts drink bubble tea with Tregothnan tea which is high quality, they are more possibly like it.

# 6.1.3. Why Is Starbucks a Good Company for Collaboration?

Starbucks is one of the brands with the highest awareness in the UK (Kunst, 2023a). Moreover, it actively participates in the Ethical Tea Partnership and The Tea Association of the USA, demonstrating a strong commitment to the betterment of the tea industry (Starbucks, 2023). Therefore, Starbucks could be a good choice for Tregothnan to promote its tea.

# 6.2.Influencer Marketing

# 6.2.1. Why Will Influencer Marketing Be Used?

The plan for the digital world will be influencer marketing because this strategy is one of the best existing digital marketing strategies. Firstly, influencers are known as people who are powerful enough to lead people who follow them by benefiting from their reputation and social status (Lin et al., 2018; Xiong et al., 2018). Influencer marketing is a significant strategy in the digital world because consumers tend to trust influencer's recommendations more than celebrities in traditional media (Lou & Yuan, 2019). According to findings obtained by Twitter claims that customers have a tendency to rely on an influencer because users see them as their friends (Swant, 2016). Moreover, according to a survey, %82 of users thinks that the recommendations done by the influencers they follow are more reliable (Talaverna, 2015). Furthermore, %80 of marketers believe that the endorsement of influencers can boost a company in the digital world to higher levels. (Forbes, 2017). In addition, brand awareness affects consumers' purchase decisions positively (Lafferty et al., 2002) and it appears that influencer marketing is one of the key elements for increasing brand awareness (Lou & Yuan, 2019). Therefore, to build trust and raise awareness of Tregothnan, influencer marketing whose effects have been proven concretely will be suggested in this paper.

# 6.2.2. *Influencer Marketing Strategy*

There are various cocktail and food chefs on Instagram who could be collaborated to reach out to the accurate target audience. There is a point which should be considered in influencer marketing strategy. The influencers who are collaborated with should align with the product or service. Research conducted by Brown & Hayes (2008) demonstrates that if the influencers are not relevant to the product promoted, users are less likely to trust the influencer because consumers think that an irrelevant influencer does not have adequate knowledge about the product. Thus, the estimated sales figures may not reach the desired level. Therefore, in this case, chefs might be a good choice for collaboration because the product is tea which could be used for drinks and foods. For example, "cocktailmaestro" who is a famous cocktail master around the world living in London, has 148.000 followers on Instagram. Moreover, "Peter\_ Bakes" who is a young British chef, has currently 263,000 followers and who cooks dessert and bakery products. In this paper, these two influencers will be considered as examples for the influencer marketing campaign. Both Salvatore Calabrese, "cocktailmaestro", and "Peter\_Bakes" will be asked to shoot a total of 6 videos

(each of them will upload 3 videos) to share on their Instagram as a post while making a unique and delicious cocktail and food which contains Tregothnan tea. In the videos, these influencers will emphasize the taste of Tregothnan tea and state why consumers should prefer it to other brands. Thus, it is aimed to show consumers which foods or beverages could be tasty by adding tea. In other words, these influencers will be the inspirations to their followers. Since they will find out which delicious foods and cocktails could be made with Tregothnan tea, they are expected to purchase its tea to taste it.

# 6.3.SEO Improvements

Improvements in SEO are highly important for a website to increase its visibility to compete with other websites on SERP. There are various strategies could be implemented for Tregothnan's website to make it more competitive such as optimising the website for mobile devices, user-generated content, creating useful and relevant content, and adding a chatbot. This paper will focus on the strategies listed.

# 6.3.1. Optimising Website for Mobile Devices

According to Alexander Kunst (2023b), %69 of consumers *uses* mobile devices to make a purchase. So, optimising the website for mobile users directly affects website traffic in a positive way. Since it is optimised, mobile users will access the website easily and experience it better. In terms of website performance, Tregothnan's mobile version scored 31 which is inadequate in PageSpeed Insights. So, apparently, Tregothnan should fix some problems on their webpage to get a higher score.

There are various factors which should be considered while enhancing a website. For example, image sizes could be optimised for mobile devices. Moreover, the number of plugins which are connected to the website to integrate various tools could be reduced to increase its speed. Furthermore, mobile-first codes which help a website to display faster could be embedded.

# 6.3.2. Creating Useful and Relevant Contents

Users always look for answers of their queries. Contents help them to find their answers. If the contents are helpful, and related to the query, users will be satisfied. Studies show that these contents have a huge impact on rankings (Lyons, 2022a). Moreover, they help to get powerful and authoritative backlinks which assist a website to rank (Lyons, 2022b).

Tregothnan could create content related to the history of tea, its benefits, or recipes which contains tea for people to benefit. Thus, people may spend a lot of time on webpage. SO, it enables to decrease bounce rate while increasing the session duration.

# 6.3.3. *Utilising User-Generated Contents on The Website*

UGCs are powerful content which are made by other customers such as reviews, comments, likes, or rates. Potential customers tend to rely on comments made by customers who have experienced the product before because they believe that people who have the product do not have commercial benefits (Mir & Rehman, 2013). Accordingly, potential customers are more likely to trust them. Moreover, it appears that UGC is more reliable than traditional marketing efforts (Hansen et Al., 2014; Manap & Adzharudin, 2013). Furthermore, UGC diminishes the perceived uncertainties for customers when making decisions (Horst et al., 2007; Racherla & Friske, 2012; Muslim et al., 2014).

Tregothnan can integrate its Trustpilot account into its website to show previous customer experiences. Thus, when users enter the website, they will encounter the score of Tregothnan given by customers. This also may help new users and potential customers to build trust since they will see positive comments and high stars rated by experienced customers.

# 6.3.4. Utilising Chatbot to Provide a Better Service

Based on Google reviews for Tregothnan, certain feedback highlights concern about service quality, including delayed or absent customer responses, as well as unsatisfactory online shopping experiences on their website. Accordingly, to add a chatbot may enable users to find their answers easily. Thus, user satisfaction may increase.

# 7. Budgeting and ROI

# 7.1. Budgeting

EXPENSES	Ŧ
Collaborate with 2 instagram influencers	6000
Experts for shouting and editing video	900
6 month chatbot subscription	792
Collaboration with Starbucks	640
Video production for Instagram	9500
Total	17832

According to Shopify (2022), collaborating with a mid-tier Instagram influencer, who has between 50k-500k followers, costs 500-5000 dollars which equals to 400-4000 pounds. It is considered 3000 pounds for each influencer in this study because the influencers which are collaborated with have more than 250.000 followers which means they may charge high. In the UK, video editors charge 300 pounds for commercial videos (Upayscale, 2023). According to ContractsCounsel (2022), the typical expense associated with a business partnership agreement project amounts to around \$820 (equivalent to £640). The introductory subscription package for ChatBot costs \$169 (which translates to £132) monthly for a duration of six months (ChatBot, 2023). The production cost for social media videos typically falls within the range of \$1,000 to \$10,000 on average (Pascual, 2020). In this paper, the cost of 6 videos is considered \$ 12,000 which equals to 9500 pounds approximately.

# 7.2. ROI

As illustrated by Emily Guy Birken (2022), an editor at Forbes, a satisfactory and realistic return is indicated by a figure of 7% in terms of Return on Investment (ROI). To calculate the amount of money which is expected to earn;

[(Amount Earned – Amount Spent) / (Amount Spent)] x 100 = ROI[(X – 17832) / (17832)] x 100 = 7%

# X = 17845 approximately.

8. Timeline

INFLUENCER MARKETING	January	February	March	April	May	June	July	August	September	October	November	December
Contacting Instagram influencers												
Discussing different content ideas with influencers												
Creating 3 videos for each influencers												
Editing videos to look them better												
Posting the videos on their Instagram channels												
Monitoring social media engagement by KPIs												
PARTNERSHIP WITH STARBUCKS												
Approaching Starbucks												
Discussing the company's values with them												
Sample testing and collecting customers' feedback												
Producing different flavour of bubble tea												
Acknowledging customer reviews												
SEO IMPROVEMENTS												
Optimizing website to make it mobile friendly												
Searching for beneficial and trendy contents												
Creating contents (blogs) for website												
Sharing contents			·									
Developing Chatbot to put it into website												

As it is stated above, steps which will be taken are identified in this timeline.

# 9. Monitor & Control

There are various KPIs which enable to control the short-term objective and long-term objectives identified for the marketing campaign whether they work efficiently or not. For influencer marketing, which is the short-term objective of the marketing plan, there are some main KPIs which should be monitored such as conversion rate, sales growth, clicks, and impressions. In terms of SEO improvements, different KPIs such as conversions, visibility, page per session, session duration, number of high-quality backlinks and cost per acquisition should be considered (Paruch, 2022). Regarding partnership, conversion rate, cost per acquisition and customer lifetime value should be measured to control it.

# 9.1.Contingency Plan

Throughout the plan, there might be various problems which Tregothnan may face. To resolve the issues, a contingency plan should be created to know how Tregothnan can react to possible problems.

Regarding influencer marketing, Tregothnan should maintain the awareness of evolving social media platforms (Shee, 2023) to adapt to the changing world and strategies quickly. Moreover, it should establish a public relations team to manage unforeseen crises involving chosen influencers.

In respect of partnership with Starbucks, Tregothnan should ensure prompt responses to customer reviews and uphold consistent standards to prevent undermining trust. Moreover, unexpected situations could potentially harm the reputation of partner brands, underscoring the importance for them. Accordingly, both Tregothnan and Starbucks should promote the new product from their own perspective. Furthermore, the company should provide exclusive offers if needed to encourage purchasing choices.

In terms of SEO problems, the chatbot might be broken. So, it should be fixed as soon as possible to keep user experience high. Moreover, some keywords selected may be irrelevant or highly competitive. At this point, Tregothnan should keep searching for the best keywords which it can compete with easily, and it needs to create useful and relevant content which includes new keywords which they plan to use. Furthermore, too many low-quality backlinks might harm a website's visibility and authority. So, Tregothnan should focus on getting high-quality backlinks by finding broken backlinks on other authoritative websites and creating beneficial content for them. In addition, Tregothnan should avoid purchasing backlinks from other sites to increase the number of them. Instead of getting a lot of backlinks, the company should work on surrounding its website by high-quality backlinks. Also, Tregothnan should

keep its website updated every time to show Google that the website is still beneficial for users to find the best up-to-date answers.

# 10. Conclusion

In this business report, Tregothnan's internal, external, and competitive position is examined, and SWOT analysis is created to observe which strategies could be implemented to increase its awareness and sales. Additionally, target audience is identified as tea enthusiasts who are in 25-40 age group, like spending time on social media and are eager to try new tastes which contain tea. In this paper, influencer marketing on Instagram and partnership with Starbucks are the main strategies to increase the awareness and sales of Tregothnan. Moreover, various strategies are recommended to improve its website performance and increase the website traffic. In order to execute the strategies, the budget is calculated and a target amount to be earned has been established with an ROI of 7%. A timeline of marketing plan is created to show the steps of strategies. Furthermore, several KPIs which enable to control the strategies are determined and a contingency plan is created for Tregothnan to act when it faces some problems during the marketing plan.

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# 12. Appendix

# Appendix A: PESTLE Analysis

P

 The volatile political situation (Russia's incursion into Ukraine) could impact consumers' inclination to make purchases. E,

- Inflation rate has been decreasing in the UK (Office for National Statistics, 2023b) which means people are more powerful to afford a product or service.
- Although, it seems that unemployment rate has been increasing slightly since November 2021, it is still low (Office for National Statistics, 2023b) which means the majority of the people have a job to earn money. So, they can afford the Tregothnan tea.

S

- People under 35 who are in our target audience cares about consuming organic products (Edubirdie, 2023).
- Tea enthusiasts intend to be healthy and tea is regarded as a healthy alternative to drinks which contains sugar and high calorie (Momin, 2023).
- Demand of drinking organic and herbal tea has been increasing because organic tea is perceived by tea enthusiasts that it has a huge impact on their health (Momin, 2023).

- Tea-beverage producers employ modern techniques to enhance tea manufacturing while preserving bioactive compounds, streamlining the traditional brewing process (Momin,2023).
- According to Momin (2023), digital marketing tools have a significant impact on promoting a product, which means it also may affect the promotion process.

- The Tea sub sector is regulated by:
- The Crops Act 2013 The Agriculture and Food Authority Act 2013
- The Crops (Tea Industry) Regulations, 2020 The Crops Act and AFA Act
- --> ensure that it complies with required rules

Е

 The need for resilience against climate change constrains the potential for business expansion in terms of available geographical space.

# **Daniel Harris**



### **Personal Information of Daniel**

- Age: 30
- · Address: St. Germans Rd. Exeter
- Nationality: English
- Occupation: Mechanical Engineer

### **About Daniel**

Daniel, a tea enthusiast who enjoys various flavours of tea and tea-based beverages, makes it a habit to visit Starbucks each morning for a revitalising start to his day, especially since he needs to wake up early. Moreover, he is a big fan of cocktails. After his work, he usually goes to a pub to enjoy his cocktail. Additionally, he maintains an open-minded approach to trying new cocktails, continuously seeking to expand his understanding of various alcohol mixes. Furthermore, his hobbies include cooking and crafting cocktails at home. To support these interests, he actively utilizes social media channels to discover new recipes, constantly seeking to enhance his culinary skills

### His Favourite Social Media Platform



## His favourite tea-based beverages







# His favourite drink shops





COSTA

# Appendix C: TOWS Analysis

# T 1334

# Strengths

- Production of home-grown tea.
- · Wide range of partnerships.
- Inventor of tea harvesting machinery.
- Wide variety of tea.

# Weaknesses

- Restricted digital marketing and advertising efforts, resulting in low visibility and awareness.
- Expensive tea price.
- · Restricted geographical scope.

# **Opportunities**

- Growing demand for healthier options, like low-sugar, lowcholesterol choices, elevates tea as a healthful, enduringly beneficial drink (Khan, 2019).
- BBC (2023) reports that 84% of UK's population consumes daily tea, and its consumption continues to surge.
- Around 84% of the UK population are active on social media (DataReportal; We Are Social; Meltwater, 2023).
- With declining inflation, people might allocate funds for Tregothnan's pricier tea compared to other brands (Office for National Statistics, 2023).

# SIO

- Enhancing their corporate image by advocating for healthier lifestyles and manufacturing more health-conscious products, consequently establishing a competitive edge.
- TT has the opportunity to utilise the excellent quality of its tea to enhance the value of its products online, such as by fostering transparency with consumers regarding tea leaf cultivation practices.

# W/O

- Partnering with social media influencers to extend the scope of their marketing efforts and expand the audience for their British-grown tea.
- Utilising social media to preview upcoming products or services in development, exemplified by spotlighting tour experiences.
- Generate additional SEO-focused content on their website to achieve higher rankings on search engine results pages.

# **Threats**

- There are lots of preferred huge companies which produces tea in the UK (Eurostat, 2023). So, competitive is high in the market.
- Growing concerns about environmental sustainability and packaging waste could lead to negative perceptions of tea products that are perceived as contributing to environmental problems.

## S/I

- Integrating customer reviews and detailed interactions on the website and social media can boost engagement and potentially drive higher conversions.
- Provide competitive pricing while highlighting distinctive selling attributes, notably its status as the sole British-grown tea brand.

# W/T

- Incorporate novel agricultural technologies and welcome emerging industry participants to ensure a sustained competitive edge.
- Recognizing the potential impact of economic downturns and market fluctuations on product demand, they address this by prioritizing cost control and operational refinement.