Factors Influencing Consumers’ Purchase Intentions Towards Made-to-Order Tea Drinks in China

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ABSTRACT

This article aims to identify and assess the factors influencing consumers’ purchase intentions towards made-to-order (MTO) tea drinks. The made-to-order milk tea drink industry in China has generated over USD 14bn in revenue in 2018. The size of the market, the nature of the preparation and delivery to consumers, combine to create opportunities for individuals, entrepreneurs, investors, etc. Relatively little is known about the drivers of purchase intentions for MTO milk tea drink consumers. For the purposes of this research, the various options that influence purchasing of tea drinks among Chinese consumers were classified into 10 factors, and data was collected through online surveys. The results indicate the extent to which Chinese consumers’ purchase intentions are influenced by consumers’ age, price of the drink, pursuit of a pleasant state of mind, quest for social network interaction, search for novel experiences, and concern for health.

KEYWORDS
Chinese Consumer Behavior, Consumer Beverage, Health Concern, Logit Regression Model, Made-to-Order Tea Drink, Marketing Strategy, Purchase Intentions, Social Network

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INTRODUCTION

Tea culture is an essential part of Chinese tradition culture. Chinese consumers have long established traditions of drinking tea and have developed a unique lifestyle based on the consumption of tea (Lee & Liao, 2009). In the early 21st century, the global increase in upscale coffee shops and the subsequent introduction of coffee shops in China disrupted the Chinese tea drinking tradition. Starting in 1999, Starbucks, the pacesetter of the coffee chain industry, has opened over 3,000 outlets in China and is considering opening 2,000 more outlets by the end of 2021 (Hales, 2018). However, it is still too early to draw the conclusion that the coffee bean usurps the tea leaves’ place for Chinese consumers. The tea culture among the modern Chinese consumers, especially millennials, is shifting into an industry that is similar to that of coffee shops in other countries, especially Western countries, but, with a broader offering of upscale and gourmet tea drinks. China’s time-honored tradition of drinking tea is in transition from drinking traditional tea drinks, which focuses on the taste of tea leaves, to a new style of tea drink, a creamy, flavored milk tea drink (Ren & Jin, 2018). Unlike the earlier tea-drinks, which were simply made with milk tea powder, the new style tea drink is freshly brewed and provides a wide variety of tastes and characteristics. What’s more, Chinese consumers’ tea drinking habits are changing. Some younger consumers now perceive tea drinking not as a time-consuming traditional tea “ceremony” but as part of a cool and modern lifestyle (Li, 2018). According to Kantar Worldpanel, Chinese residents aged 15-45 buy 14.3 cups of made-to-order tea drinks a year, contributing to a market segment of 97.8 billion yuan (14.6 billion USD) in annual sales (Ren & Jin, 2018). The new style tea drink is a large and growing market and as such has garnered considerable attention from entrepreneurs, investors and coffee chain outlet operators.

The increase in the made-to-order (MTO) tea drink brands can be traced back to 2006 when CoCo-tea (都可), founded in Taipei in 1997, first entered the Chinese mainland market and opened up 500 tea-drink outlets in three years (Yu & Huang, 2017). The same year, Happy Lemon (快乐柠檬), a take away tea brand, opened up its first store in Shanghai, China (Happy-lemon, 2016). The selection of tea drinks provided by tea-drink outlets was already vast in 2006 and has increased steadily. Tea drinks in the past were made with milk tea powder and customers could choose a wide range of flavors and add-ins based on their own tastes (Yu & Huang, 2017). By 2011, the freshly brewed tea-drink, with more emphasis on taste aimed at appealing to a more affluent and discerning market segment, was gradually replacing powder made tea-drinks. Alittle-tea (1點點), a handmade tea drink brand, opened a handmade tea drink store in China in 2011 (Alittle tea, 2011). By creating its own innovative recipes seeking to blend freshly brewed tea leaves with cream and bubbles Alittle-tea has become one of the most popular handmade tea-drink franchises in China (Alittle-tea, 2011). One year latter, in 2012, Heytea (喜茶), the first maker of cheese tea, came in to the public view. Different from traditional tea drinks which were made from loose tea leaves, Heytea focused on creating an upscale band with high quality tea drinks (Heytea, 2019). The success of Heytea and Alittle-tea led to a renewal in traditional,
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