

LIPTON GREEN TEA



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Roll No. 17



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INTRODUCTION

The purpose of this report is to conduct product analysis, product demand, market analysis, supply of the product, and price elasticity.

Data used for calculation was collected from a targeted sample through google forms and is used to calculate demand and price elasticity of Lipton green tea.

PRODUCT ANALYSIS

Lipton green tea is a 100% natural product with no added sugars, additives, and preservatives. Lipton green tea is considered a normal good.

FEATURES

- Day-to-day consumption of lipton green tea helps maintaining a healthy heart.
- Lipton green tea contains caffeine, which can boost up your focus.
- Hydrates your body since lipton green tea is 99.5% water.
- Boosts immunity.
- Calorie-free.

PRICING

There are many flavors in Lipton Green Tea ad their prices vary accprdingly as mentioned below. (Prices taken of Amazon)

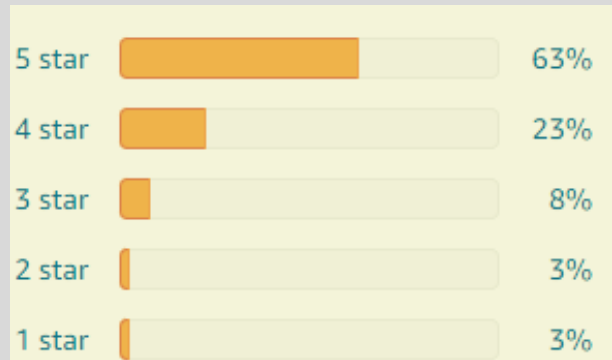
- Lipton honey lemon green tea 25 bags ₹ 152
- Lipton pure & light green tea 25 bags ₹ 134
- Lipton tulsi natura green tea 25 bags ₹ 160
- Lipton lemon zest green tea 25 bags ₹ 165
- Lipton after lunch green tea 50 bags ₹ 225
- Lipton classic green tea 100 bags ₹ 470

AVAILABILITY

Lipton green tea is consumed by most of the Indian population hence why the product is ubiquitous. This product can be found on almost every online shopping platform eg. Amazon, Flipkart and Nykaa, and can also be found in nearly every grocery store around you. (Pan India)

UTILITY

Conusmers are satisfied with the product in order to achieve maximum utility, prices should be reduced or more quantity should be provided for the same price. (Consumer satisfation based on amazon review of Lipton green tea)



SWOT ANALYSIS



STRENGTHS

- Lipton green tea has various health benefits.
- Good brand recognition.
- Good advertising.



WEAKNESSES

- Many other substitutes.
- Does not have a long self-life.
- Can be easily affected by moisture.



OPPORTUNITIES

- Cheaper products in rural areas
- Collaborate or tie-up with other companies or hotels.
- Expand in counties which consume green tea in quantities.



THREATS

- Competitors.
- Trends eg: Dalgona coffee trend
- Government regulations on international trade.

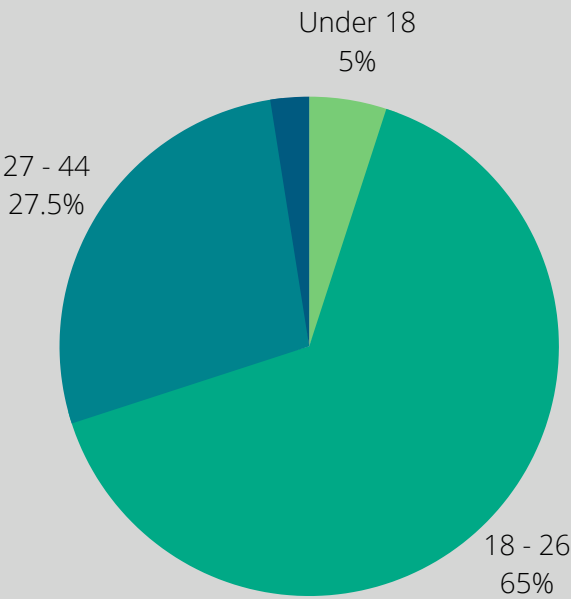
SURVEY DETAILS

Sample group of 40 people

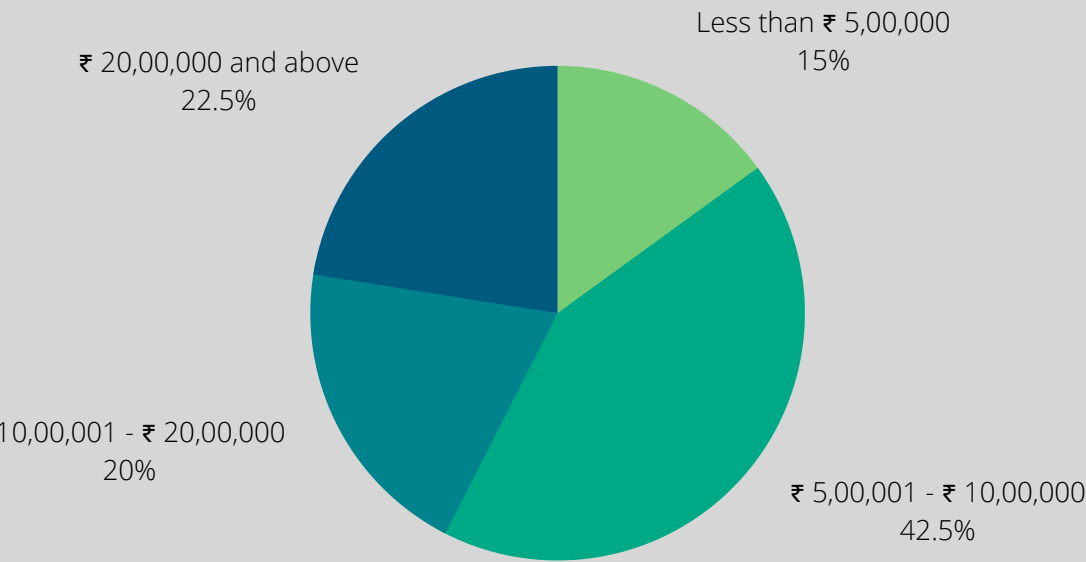
GENDER DISTRIBUTION



AGE DISTRIBUTION



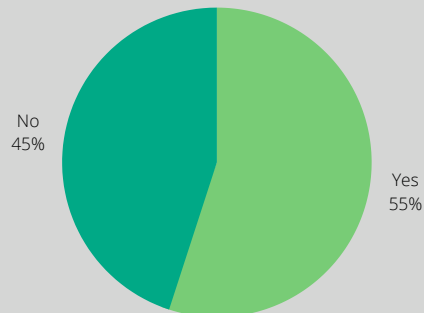
INCOME DISTRIBUTION



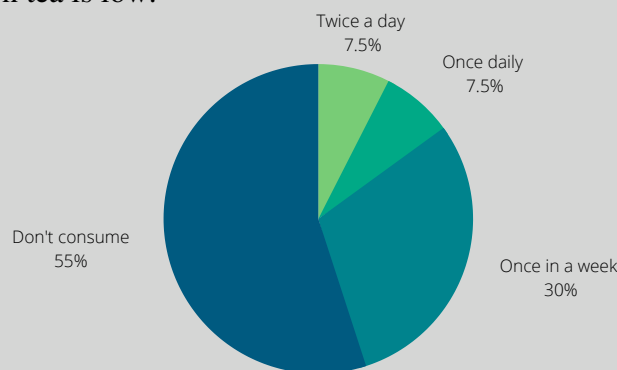
PRODUCT DEMAND

A survey was designed to analyze the demand of Lipton green tea.

A sample group of 40 people were asked if they consume Lipton green tea and approximately more than half of the sample said no (55%), showing mediocre demand for Lipton green tea.

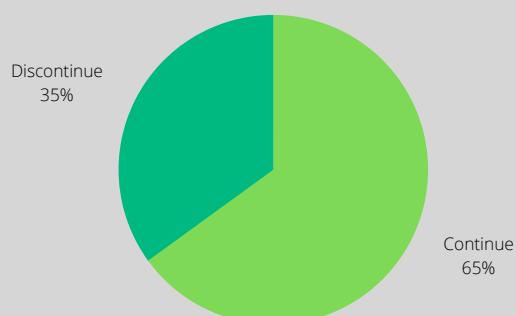


The percentage of sample who said yes (45%) were asked how often they consume Lipton green tea. Out of 18 people 3 consumed twice daily, 3 consumed once a day, and 12 consumed 1 per week. From this we can conclude that the consumption rate of Lipton green tea is low.



Furthermore, the same set of sample group, 40, was asked if they would continue or discontinue the consumption of Lipton green tea if the prices rise. (The original price of 30 bags is ₹ 144).

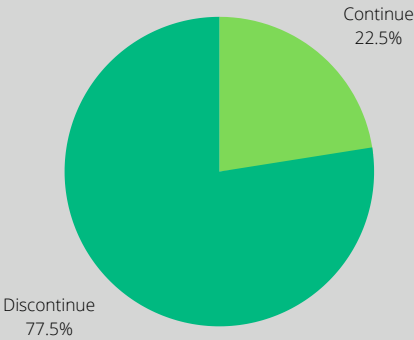
1. Price increases by 20% (₹ 144 + 20% = 172.8 ~ ₹ 173).



PRODUCT DEMAND

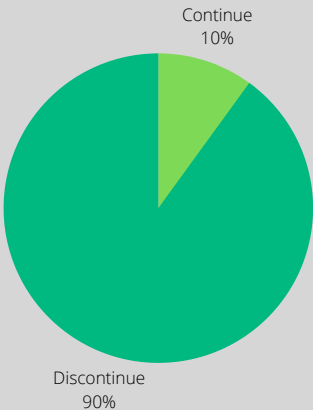
Assuming that the whole sample consumes Lipton green tea, the 20% increase in price, triggers 35% of the sample (14 people) to discontinue consuming Lipton green tea. Decrease in demand when price increases.

2. Price increases by 50% (₹ 144 + 50% = ₹ 216).



Assuming that the whole sample consumes Lipton green tea, the 50% increase in price, significantly affects the demand triggering 75% of the sample group to discontinue consuming Lipton green tea. Demand decreases when prices increases.

3. Price increases by 100% (₹ 144 + 100% = ₹ 288).



Assuming that the whole sample consumes Lipton green tea, the 100% increase in price, has drastically affected the demand triggering almost 90% of the sample to discontinue the consumption of Lipton green tea.

DEMAND CURVE

From the information collected from the sample group we can calculate and plot a demand curve.

At 20% increase in the price

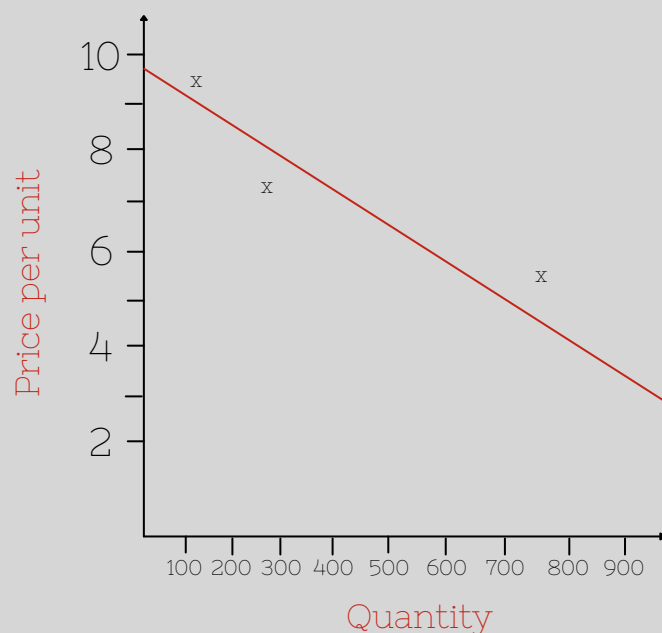
- Price of 30 tea bags : ₹ 173
- Price of one tea bag : ₹ 5.77 ~ ₹ 5.8
- Number of people willing to purchase 30 tea bags : 26
- Total number of tea bags purchased : $26 \times 30 = 780 \text{ tea bags}$.

At 50% increase in the price

- Price of 30 tea bags : ₹ 216
- Price of one tea bag : ₹ 7.2
- Number of people willing to purchase 30 tea bags : 9
- Total number of tea bags purchased : $9 \times 30 = 270 \text{ tea bags}$.

At 100% increase in the price

- Price of 30 tea bags : ₹ 288
- Price of one tea bag : ₹ 9.6
- Number of people willing to purchase 30 tea bags : 4
- Total number of tea bags purchased : $4 \times 30 = 120 \text{ tea bags}$.

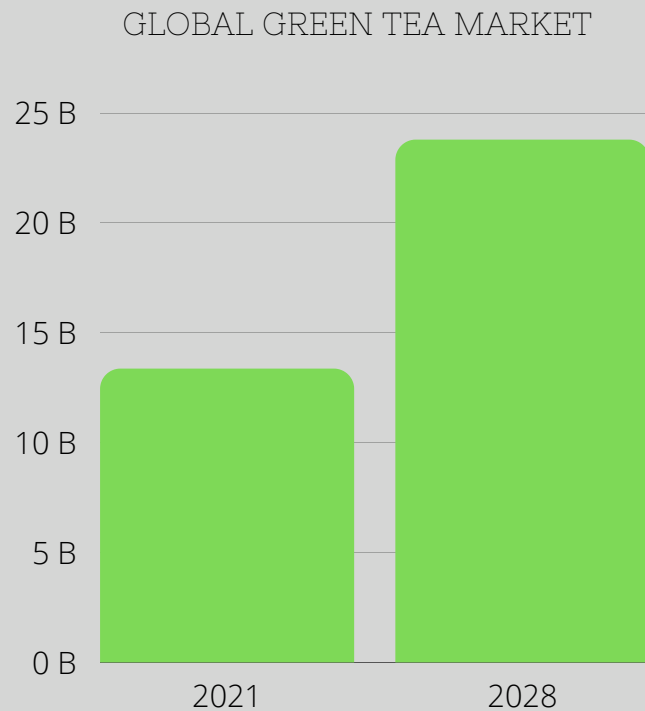


Demand decreases as the price of Lipton green tea increases. Price and demand are inversely proportional.

INDUSTRY ANALYSIS

MARKET CONDITIONS

The global green tea market was valued to be \$13.35 billion, and is estimated to reach \$23.77 billion by 2028 and is progressing at a CAGR of 7.48% from 2021 to 2028.



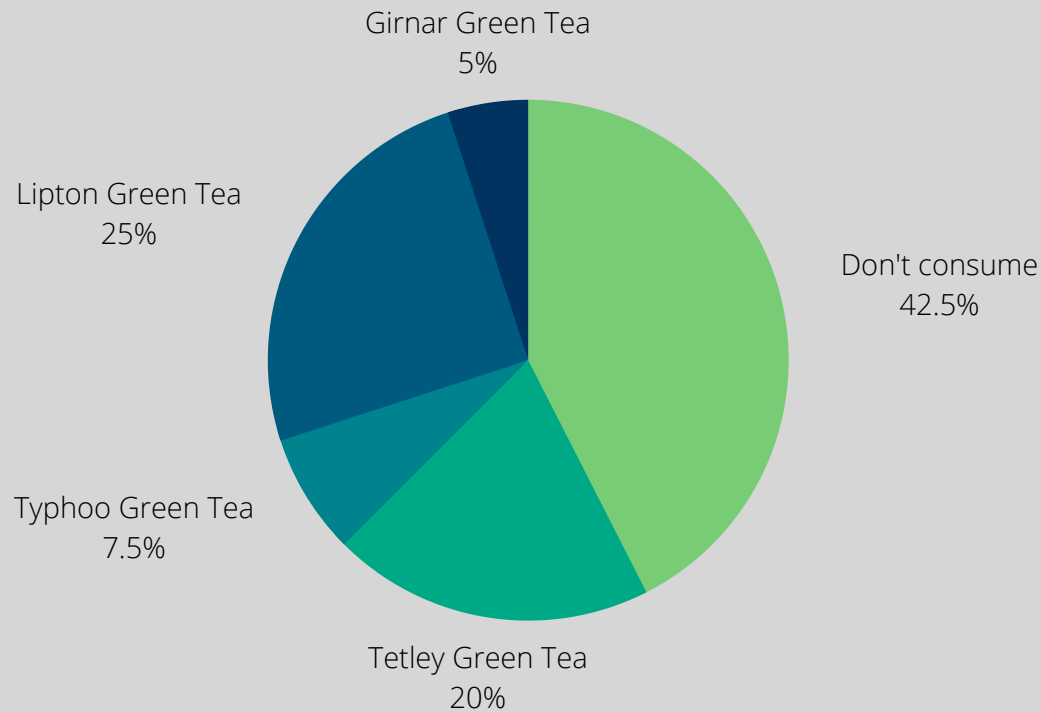
The increased awareness of the health benefits green tea provides, has drastically increased its demand, the robust growth in green tea market has motivated many small businesses to enter the market (low barriers of entry), increasing the competition.

Players leading the green tea industry Tata Global Beverages Limited (India), Arizona Beverages USA (US), The Republic of Tea (US), East West Tea Company, LLC (US), Unilever PLC (UK), The Bigelow Tea Company (US), Starbucks Corporation (US), Numi, Inc. (US), Organic India (India), Associated British Foods plc (UK), Koninklijke DSM NV (the Netherlands), Mekor Corporation (US), Cape Natural Tea Products Pty Ltd (South Africa), Hankook Tea USA, Inc. (US), and Celestial Seasonings (US)

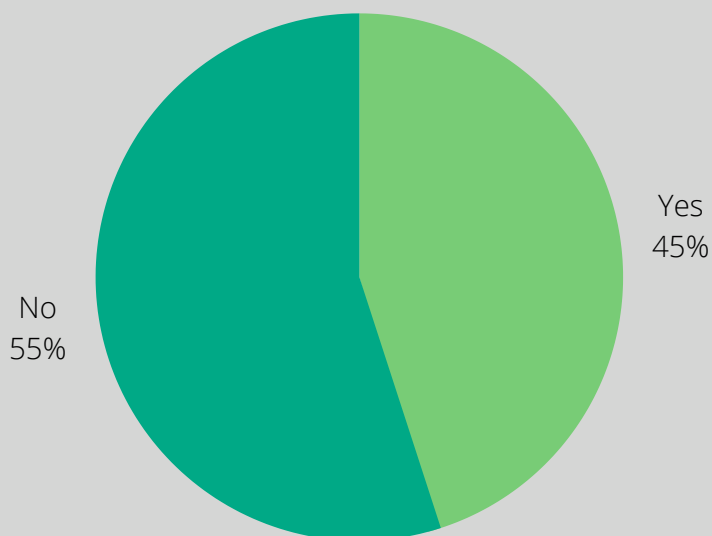
SUPPLY OF PRODUCT

Lipton green tea is massly produced hence there are countless dealers, wholesalers, retailers and stores & distributors.

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There are many other substitutes available in the market, given above is the data collected from the sample group, where 32.5% if the sample group has opted for a substitute for Lipton green tea.



The most common complimentary good that is consumed with green tea is honey and almost 45% of the sample group prefer to have honey in their green tea.

PRICE ELASTICITY

From the information collected from the sample group we can calculate price elasticity. Assuming that

- All 40 people consume Lipton green tea
- Have equal demand.
- Base price is ₹ 144
- Quantity demanded is $40 \times 30 = 1200$

At 20% increase in the price

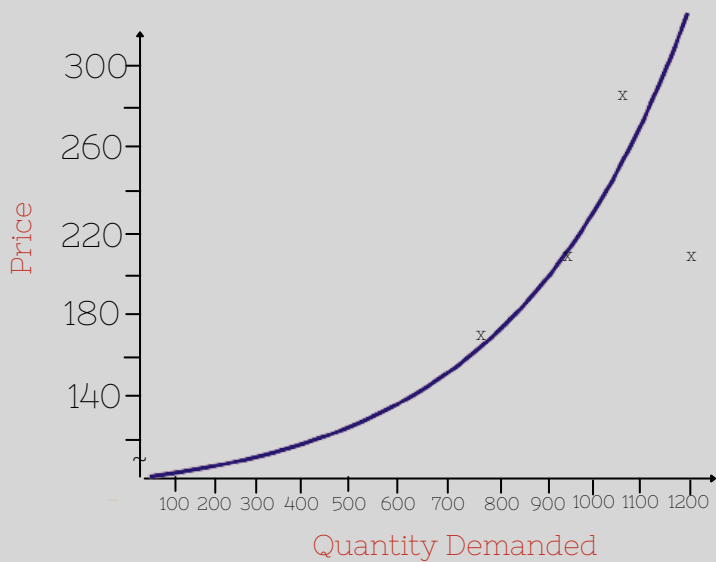
- Price of 30 tea bags : ₹ 173
- Change in price : ₹ 173 - ₹ 144 = ₹ 29
- Number of people willing to purchase 30 tea bags : 26
- Quantity demanded : $26 \times 30 = 780$ tea bags
- Change in quantity demanded : $1200 - 780 = 420$
- **Price elasticity** = $420/29 = 14.48 \sim 14.5$

At 50% increase in the price

- Price of 30 tea bags : ₹ 216
- Change in price : ₹ 216 - ₹ 144 = ₹ 72
- Number of people willing to purchase 30 tea bags : 9
- Quantity demanded : $9 \times 30 = 270$ tea bags
- Change in quantity demanded : $1200 - 270 = 930$
- **Price elasticity** = $930/72 = 12.92 \sim 13.0$

At 100% increase in the price

- Price of 30 tea bags : ₹ 288
- Change in price : ₹ 288 - ₹ 144 = ₹ 144
- Number of people willing to purchase 30 tea bags : 4
- Quantity demanded : $4 \times 30 = 120$ tea bags
- Change in quantity demanded : $1200 - 120 = 1080$
- **Price elasticity** = $1080/144 = 7.5$



CONCLUSION

- Lipton green tea is considered a normal good whose demand decreases as the price increases.
- Not many people know what are the benefits of consuming green tea, hence why more than half of the sample group did not consume green tea.
- Lipton green tea is deemed elastic as the quantity demanded dropped as the price was increased.
- Global green tea market is increasing at an alarming rate, there is a lot of scope in the market, targeting younger generation will drastically increase the quantity demanded for the product.
- Innovating product as to the cultures of the targeted region for example Lipton green tea infused with Ginseng extracts to sell product in South Korea.
- Threats of ayurvedic replacing green tea, as ayurvedic has been treating weight loss, boosting immunity and a lot more since 100's of years, collaborating with ayurvedic can mitigate this from occurring.

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