

# Problems and countermeasures of the transformation of traditional industries based on tea industry

Ying Meng<sup>1, a</sup>, Xiaoyan Lai<sup>2, b</sup>

<sup>1,2</sup>Business School of Jiangxi Normal University, Nanchang 330022, China

<sup>a</sup>mengyingss@sohu.com, <sup>b</sup>995234630@qq.com

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**Abstract:** In this era of rapid subversion of the Internet, China's traditional enterprises are experiencing unprecedented transition pains. Based on the tea industry business models, analysis of tea industry's traditional business model, as well as new business models, and as a basis for further analysis of problems of the traditional enterprise in the process of transformation, explore solutions to the problem of enterprise transformation.

## Introduction

In recent years, new economic format and new business models produced by the technological revolution of Internet technology, IT, telecommunications are constantly subvert the commercial criteria of traditional industries, create new profit model[1]. The important role of business model innovation has attracted the attention of community, the competition among enterprises from competitive products, channels and price into a competition between business models.

The era of Chinese manufacturers raking in profits through cost advantage has been lopsided; the profits of Chinese traditional industries of the future will rely on the innovation of science and technology. This requires that the traditional industry should from the pursuit of production scale to the pursuit of R & D strength changes. R & D will become the core competitiveness of the various business models. With the continuous development and progress of society, changes in the market will become more intense, customer demand for differentiation and personalization will become increasingly evident. This requires enterprise have a more acute and refreshing judgment to customers and market segments. This will be an important prerequisite and key for enterprise business model innovation in the transition process. With the continuous innovation of business model, the traditional business needs of talent will be a significant change.

## The traditional business model of tea industry

Now, there still has a majority of the tea companies have chosen the traditional marketing model. Tea traditional business model includes Direct mode, the wholesale model etc.

direct sales model

Many varieties of Chinese tea, origin and consumption characteristic features obvious difference, Tea cultivation is a dispersive cultivation, production and sales are complete by themselves, forming a large number of small-scale tea companies. These small companies of small investment and poorly equipped, the production is small, and they usually set up sales outlets in urban communities and rural areas, self-produced self-marketing. These enterprises' main products are casual tea, have no brand and fixed packaging, low operating costs, the price is low. They face a range of community market, small but stable sales, while taking advantage of their personal

connections to develop a certain number of large customers, selling tea. This model constrained by both the production and the market is difficult to form scale, smaller space for development.

the wholesale model

Such enterprises have a certain strength of farmers or medium-sized enterprises, have their own tea production base and a stable supply of raw materials tea, tea varieties limited run, large-scale production, yield stability, a registered independent tea brand, but the brand fame is small, sales of casual tea based, also sold a small amount with the standard package of brand tea. Corporate Sales Department fewer personnel, some companies set up a sales office in tea wholesale market, take the low price strategy to develop the retailer. Enterprises have no special requirements for retailers, any retailer can purchase from the manufacturers, the manufacturer has lost control of the quality and price of the product after the product leave the factory. This is China's traditional tea marketing model. This kind of enterprise market influence is small, the competition is more intense.

### **Several new types of tea industry business model**

Terminal brand chain business model

Under the guidance of the theory of corporate positioning, based on brand and channel highlights the core competitiveness of enterprises, enterprise give full play to their long-standing tradition of accumulation[3]. Enterprise use some tea as the leading products, focus on the promotion of the tea, to create a brand of tea, out of a road as the representative of the category of tea. At the same time, the use of stores to establish a high-end, quality and safety of the brand image, so that the enterprise has become a professional marketing platform. In addition, the companies also sell non-local business representatives tea category, winning in channels for enterprises to get more profitability. Through brand building, information systems and operational services three key resources to make full play, so that enterprises from a brand of tea to a tea brand category and has a sub-category representatives of the brand.

High-end brand driven

Brand value and channel construction ability determines whether the model is successful or not. The characteristic of high-end brand business model is to crack the situation of "there is a product, no brand" in the tea industry, using high-quality products, with brand management, marketing communications and channel to construct capabilities[3]. Regard the brand as the driving force and undertake part of the whole business model to drive sales of tea products, obtain high brand premium.

Build local teahouse cultural landmarks

The type of tea house use brand to attract customers, the main products and services include very unique performances, leisure space for the business meetings, characteristic brand tea gifts, and characteristics of the tea party and other. The profit mode of the tea house includes: the entrance ticket income, food and beverage revenue, tea business space consumption and gift sales, etc.

At the present stage, teahouse of the type is based on meals, tea, drama, ritual four major business modules to integrate operational capability, Committed to copy its business model in a chain way, play an operational advantage, expand brand awareness at the same time, with local governments and investment partners to build a landmark of local teahouse culture.

### **Analysis of possible problems in the transformation of traditional industries**

Transformation of the business model of traditional companies will encounter many problems,

including the internal resistance of the new business model, lack of talent, lack of technology and other points.

The internal resistance of the new business model. First, the approval and involvement of management is essential to business transformation, management must understand the whole plan, can be described, e Even through the employees and consumers publicity performance test. If the support from management is insufficient, the new model cannot be truly established. Secondly, cognitive and executive of the executive layer also has a great impact on the transformation of enterprises, if the execution layer performing a cognitive error or error on execution, then the transformation of enterprises will deviate from the track, leading to abortion of the transformation plan[4].

The shortage of qualified personnel. In the transformation of enterprises, the company may have very few people have the ability to change and the skills required for these new business models. But too many companies consider these skills can learn quickly, thereby failing to recruit qualified personnel who have the necessary professional background and the ability to successfully implement plans. In addition, the skills and abilities involved in the development of strategies are equally complex and complex.

Lack of technology. Technology is the basis of electronic, construction of the IT Center is the starting point of e-commerce. It carries the construction and maintenance of the platform, as well as the front-end and back-end processing system, storage and distribution systems, logistics and distribution systems, data analysis and other systems. The transformation of the traditional enterprise must have technical support, however, enterprises lack awareness of the relationship between information technology and transformation, think the IT technology is independent of the transformation, resulting in separation of IT technology and transformation goals, weakening the important role of IT technology in business transformation, affecting the effect.

## **Exploration of solution**

In today's Internet tide, innovation of traditional enterprises can follow the following ideas:

### **Change the thinking of enterprise leaders**

The attitude and vision of leadership, largely determines the success or failure of the enterprise transformation. Therefore, business leaders must change the original thinking about profitable thinking at the outset, not for short-term losses give up restructuring, to really support the transition from thinking and action. E-commerce should not be seen as an alternative to existing models, which will fall into the plight of thinking; but it should be as incremental, or a new channel, so that advancement of the transition will be much easier.

### **Adhere to the concept of entrepreneurial talent**

Concentration of talent is the basis of business model innovation. Successful business model often cannot be copied. Talent is the key for enterprises to gain competitive advantage in the marketplace. Business model innovation relies on the good business ideas of talents. Many companies believe that now the most scarce, the most valuable is the "know technology, management, understand the market," the "Three know talent." Now, most of the growth-oriented enterprises are developing and gathering of people with practical experience in order to meet the needs of business model innovation.

### **Building network platform**

At present, in the construction of the network platform, the traditional enterprise mainly has two ways, one is the use of third party platform and the other is self-built. For traditional enterprises, especially large traditional retail enterprises, the third party platform cannot meet the needs of

electricity supplier's transformation, and the control of electricity suppliers is poor, not easy to play a brand advantage[5]. Therefore, the traditional companies must establish its own network platform, and improve their capabilities to achieve business expansion. The transaction activity of the network platform can effectively promote the communication between enterprises and customers, get feedback from customers, and provide reference for the improvement of product quality and product structure.

To build a good network platform, the first is the understanding of the network is a kind of new channels, you need to communicate effectively with Internet consumers, followed by improved data mining capabilities, this quite different from the traditional model is, in the end is the problem of how to construct a server that relates to the use of technology and investment on it.

## Conclusions

If the traditional enterprise can not overcome the obstacles encountered in the transformation process, the transformation will be frustrated and even failed. Enterprises in the exploration of the transition is assumed to take the risk of failure, but also created a chance of success, and if the enterprise does not seek transformation, then it is both a risk and no chance of success. So the traditional industry enterprises should abandon the conservative strategy, and actively seek ways to overcome obstacle for transformation, to explore new business models. The author think that the enterprises can start from three aspects: changing the thinking of enterprise leaders, adhering to the concept of entrepreneurial talent and building a network platform to explore a suitable business model for themselves. Only in this way the enterprises of traditional industries can better survive and develop in the environment of the new normal.

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