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ITO EN Ready-to-drink tea in the EU

Expansion into the Italian Market

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ABSTRACT

The Japanese tea industry has overcome domestic difficulties by focusing on product innovation and exports, concentrating on selling ready-to-drink (RTD) bottled green tea in Asia, America and, since 2024, in European markets, including Italy. As their European peers, Italian consumers are interested in healthier products and innovative tastes, which are qualities found in matcha and green tea. This research analyses the characteristics of the global tea market, concentrating on the opportunities offered by the expansion in Europe, and Italy in particular, to ITO EN, a leading Japanese company specialized in RTD green tea, which has cooperated with our effort by agreeing to an exclusive interview. Furthermore, it includes the results of an extensive, original survey and of a focus group, both intended to identify the tastes and preferences of Italian consumers. By comparing ITO EN's strategic plan to expand in the EU and in Italy with the survey and study group results, we conclude that there is an opportunity for ITO EN to enter European markets by positioning its offering as premium, healthy and high-quality Japanese bottled green tea.

日本茶業界は、製品の革新と輸出に注力することで国内の難局を乗り越え、アジア、アメリカ、そして2024年以降はイタリアを含む欧州市場でのRTD（レディ・トゥ・ドリンク）ボトル入り緑茶の販売に力を注いでいる。イタリアの消費者は、ヨーロッパの消費者と同様、抹茶や緑茶に見られる健康的な製品や革新的な味に関心を寄せている。本調査では、独占インタビューにご協力いただいたRTD緑茶専門の日本大手企業、伊藤園に、欧州、特にイタリアでの事業拡大がもたらす機会に焦点を当てながら、世界の茶市場の特徴を分析している。さらに、イタリアの消費者の嗜好を把握することを目的とした、独自の大規模調査とフォーカス・グループの結果も掲載している。伊藤園のEUおよびイタリアでの事業拡大戦略プランと調査および研究会の結果を比較することにより、伊藤園がプレミアムで健康的かつ高品質な日本のペットボトル緑茶を提供することで、欧州市場に参入する機会があると結論付けた。

Introduction

This thesis will focus on ITO EN's bottled green tea in Europe and how the company wants to expand into the Italian market. Recently, the tea market in Italy has been diversifying, with consumers becoming more health-conscious and looking for new flavours. It is important to remember that Italy is known worldwide as the home of espresso, a drink rooted in culture and drunk daily by Italians.

This study's research question is whether Italy could be an important market segment for ITO EN. To do this, a survey and focus group were conducted to understand the tastes of Italian consumers. The objective is to understand whether the Japanese company's product can enter the homes of Italians and what challenges it will face, including the competitors already present in the Italian iced tea market: San Benedetto and Ferrero.

This research arose from the interest in the recent expansion of Asian products in the European market and the marketing strategies that ITO EN is trying to develop in a new and unfamiliar territory. The thesis is divided into five chapters.

The first chapter analyses the current context of green tea consumption in Japan and the production of this product. The second chapter deals with the expansion of green tea in Europe and America, mainly due to globalisation and the creation of GATT and the WTO.

The third chapter will focus on the ITO EN company. It will discuss its history, how it has developed outside the Japanese market, and an interview with the company's PR team on how they intend to develop in the European context and what market differences have been observed between the USA and the EU.

The fourth chapter, on the other hand, deals with the Italian market, especially on how the tea market is being differentiated, the iced tea competitors (San Benedetto and Ferrero) and the strategy used by ITO EN for the distribution of its products.

The fifth chapter presents a survey and focus group research on Italian consumers to understand their impressions of green tea and how ITO EN can position itself in the Italian market.

At the end of this thesis, there is a reflection on the future of the Japanese company in Italy, proposing strategies it could use for the Italian market.

CHAPTER 1. GREEN TEA HISTORY, PRODUCTION, AND CONSUMPTION

Tea was introduced to Japan around 750 by Buddhist monks returning from China. Initially used as a medicine, because of its very bitter taste due to the leaf processing techniques, it became a beverage used by aristocrats and in the courts. In the beginning, the colour of the green tea leaves was brown, however, with the creation in 1250 in China of the stone mill, the colour of the leaves turned from brown to a vivid green. Thanks to this invention, the taste also became sweeter. In addition to the stone mill in China, a tea whisk was created. This tea whisk, which is still used today, serves to improve not only the colour but also the smell and taste. Around 1300, Zen temples also started cultivating tea in the Kanto area, as the demand for this beverage grew. Thus, tea production was also born in Japan, with the beverage becoming so popular that it was exported to all parts of the world.

1.1 Green tea production in Japan

There are different types of green tea: Sencha, Gyokuro, Kabusecha, Tencha and Ryokucha. In Japan, unlike in other countries, green tea leaves are harvested with machines and after harvesting, the leaves are continuously processed to produce dried tea leaves. Currently, most Japanese tea factories apply continuous automatic mechanical production instead of traditional manual kneading¹. Each type of green tea, which has been listed above, has different characteristics, is produced in certain prefectures in Japan and has its own cultivation method. According to the Ministry of Agriculture, Forestry and Fisheries Report (2024), Japanese green tea, called sencha, is the most widely consumed tea in Japan, so much so that the production of this type of tea is 52% of the total. Sencha is produced following six processing steps that transform the fresh leaves into dried leaves. As described by Wei Qin et al. (2021) in their paper, these steps include steaming, primary rolling, secondary rolling, final rolling and final drying. Each stage has a different effect on the content and extraction capacity of the tea components. Steaming inhibits the internal enzyme activities of the fresh leaves and makes them softer and easier to knead. This unique process affects the chemical composition of green tea. During the rolling process, the appearance of the leaves changes and they gradually dry

¹ Wei Qin et al. "Changes in Morphological and Functional Characteristics of Tea Leaves During Japanese Green Tea (Sencha) Manufacturing Process" <https://doi.org/10.1007/s11947-021-02735-7> (2021)

out and risk being damaged by mechanical forces. The quality of green tea leaves is judged by their shape, colour, aroma and taste.

Tencha is the type of tea from which matcha tea is made. It is covered with straw or cold gauze for about a week before harvest and the tea is then brewed in the same way as sencha. The tea leaves are harvested from the 'lower tea plantation', which is covered with cold gauze or other covering materials for 2 to 3 weeks before harvesting. Matcha is obtained by grinding the tea leaves with a mortar and pestle.

According to MAFF (2024), the areas where most green tea is produced in Japan are Shizuoka, Kagoshima, Mie, Kyoto and Fukuoka. The prefectures of Mie, Kagoshima and Shizuoka account for 70% of the green tea growing areas, each has its own tea production and distinctive tea production, such as Shizuoka, Kagoshima and Miyazaki prefectures, which produce mainly sencha; Mie, Nara and Fukuoka prefectures, which produce a lot of kabocha; Nagasaki, Saga and Kumamoto prefectures, which produce a lot of tama green tea; and Kyoto prefecture, which produces a lot of tencha, used for gyokuro and matcha.

According to MAFF statistics (2024), it appears that the production of Tencha is increasing, but the production of high-grade tea leaves is decreasing. However, there has been an increase in the production of third and fourth-grade leaves, as the price is low compared to first-grade leaves, which are used more for drinks.

Furthermore, current trends point to a decrease in the consumption of tea leaves but to an increase in demand for products such as PET bottles and green tea drinks. In addition to these products, efforts are being made to raise awareness of other products already on the market, e.g. powdered matcha, green tea infused in cold water and tea wine also known as sun rouge. There are not only these products, which are sold as drinks: green tea and matcha is sold also in other forms, such as food. For example, green tea is also used for matcha tea sponge cake, ochazuke (steamed rice with a savoury green tea), or green tea soba (cha soba).

1.2 Today's Green Tea Consumption in Japan

With the end of World War II, there have been some changes in the diet of Japanese people. It was partly due to globalisation and partly due to the Westernization of the local lifestyle. In this part of the chapter, we will focus on the phenomenon of Westernization and the current consumption of green tea in Japan.

1.2.1 Westernisation

Britannica defines Westernisation as: “...*the adoption of the practices and cultures of Western Europe by societies and countries in other parts of the world, whether through compulsion or influence.*”

In Japan, westernisation began in the third quarter of the 19th century, after the fall of the feudal power, when the country tried to modernise itself so that Western powers would not colonize it. At the time, this was seen as the only option for national independence: Akihiro Ishikawa (2002) writes that the objective was to merge "Western technology" with the "Japanese spirit". In the final decade of the 19th century, this form of nationalism gave rise to an ideal known as "Japanism", which highlighted the superiority of traditional Japanese values². Later, in the 1930s, there was a rejection of Westernization, which lasted until the end of World War II, when the defeat and the occupation led to cultural trends inspired by Western culture as a model³. However, the term Westernization can be used not only from a social point of view but also in lifestyle and dietary customs. In fact, during the 1970s the diffusion on Japanese soil of fast-food chains like McDonald's and the introduction of drinks such as Coca-Cola deeply impacted the nutritional habits of Japanese people.

1.2.2 Tea Consumption in Japan

Japan and the Japanese people are closely associated with green tea and matcha consumption. However, after WWII the effects of Westernization and Globalization negatively affected many traditional Japanese products, including a classic staple such as tea: during the 1960s, Coca-Cola and other types of carbonated drinks became so popular that tea consumption deteriorated⁴. Since then, tea consumption has gradually recovered, mainly due to a change in the way tea is consumed, thanks to the innovations introduced by companies such as ITO EN, which started selling tea in a pet bottle⁵. This brilliant move not only made ITO EN one of the biggest and most modern beverage companies in Japan, but it also helped the entire tea industry. This can also be seen from Figure 1 in the MAFF (Ministry of Agriculture, Forestry and Fisheries) 2021

² Ishikawa, Akihiro. “Modernization: Westernization vs. Nationalism — A Historical Overview of the Japanese Case.” *Development and Society*, vol. 31, no. 2, 2002, cit., p. 282 *JSTOR*, <http://www.jstor.org/stable/deveandsoci.31.2.281>. Accessed 10 Feb. 2025.

³ Ishikawa, Akihiro. “Modernization: Westernization vs. Nationalism — A Historical Overview of the Japanese Case.” cit., p. 282 *JSTOR*, Accessed 10 Feb. 2025.

⁴ Qing Xia et al. (2023) “Innovation in the Japanese tea industry, 1970–2020”, cit., pp.108

⁵ Qing Xia and Pierre-Yves Donzé (2022) “Making Japanese tea a big business: The transformation of ITO EN since the 1960s” *Shashi The Journal of Japanese Business and Company History*, cit., pp. 21

report, which records that 61.9 % of the participants in the survey responded that they are used to drinking bottled tea⁶. From the same MAFF (2021) survey, Figure 2 shows that Japanese drink tea mainly because a) they like its taste and aroma (57.3% of respondents); b) because it is one of their habits (49.9%); c) because they think it is healthy (42.8%).

図1 普段どのような緑茶を飲むか（複数回答）

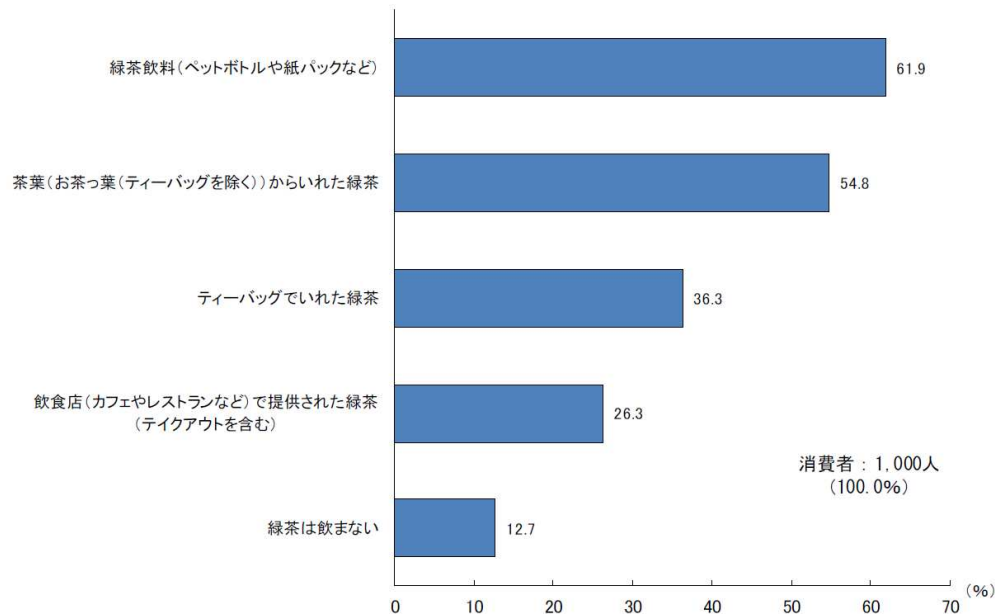


Figure 1: Trend in Japan on which kind of tea is consumed (Source: graph from Ministry of Agriculture Forestry, Fisheries 2021 “Results of awareness and intention survey on green tea drinking”)

<https://www.maff.go.jp/j/finding/mind/attach/pdf/index-64.pdf>

Translation of Figure 1:

普段どのような緑茶を飲むか（複数回答）：What kind of green tea do you usually drink (multiple answers)

緑茶飲料（ペットボトルや紙パックなど）：Green tea drinks (e.g. in plastic bottles or paper cartons)

⁶ 農林水産省調査結果のデータ <https://www.maff.go.jp/j/finding/mind/attach/pdf/index-64.pdf>

茶葉（お茶っ葉（ティーバッグを除く））から入れた緑茶: Green tea made from tea leaves (excluding tea bags)

ティーバッグで入れた緑茶: Green tea made from tea bags

飲食店（カフェやレストランなど）で提供された緑茶（テイクアウトを含む） : Green tea served in restaurants (e.g. cafes and restaurants)

緑茶は飲まない: I do not drink green tea.

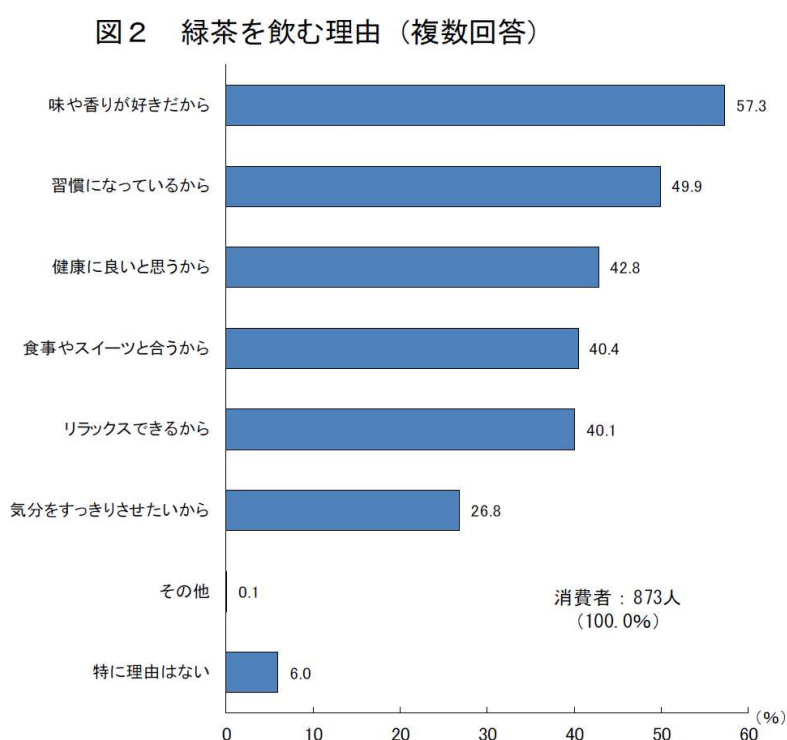


Figure 2: Reasons for drinking green tea (Source: graph from Ministry of Agriculture Forestry, Fisheries Statistics 2020 “Results of awareness and intention survey on green tea drinking”)

<https://www.maff.go.jp/j/finding/mind/attach/pdf/index-64.pdf>

Translation of Figure 2:

緑茶を飲む理由（複数回答） : Reasons for drinking green tea (multiple responses)

味や香りが好きだから: Because I like the taste and aroma

習慣になっているから: Because it is a habit

健康に良いと思うから: Because I think it is good for my health

食事やスイーツと合うから: Because it goes well with meals and sweets

リラックスできるから: Because it relaxes me

気分をすっきりさせたいから: Because I want to feel refreshed

その他: Other.

特に理由はない: No particular reason

Despite these results, as shown in Figure 3 taken from the MAFF 2017 report, leaf tea consumption per capita has been declining from 900 grams per person in 2004 to only 600 grams per person in 2017⁷. The same report shows that household consumption of green tea is about 45% of total demand, roughly unchanged from 1990 to 2015⁸: the downward trend in leaf green tea demand (Figure 4)⁹ has been compensated by growth in green tea drinks (Figure 5)¹⁰.

This study also shows that 1999 was the best year for general and specialised tea retailers, whereas since then, the introduction of bottled tea has boosted the share of tea drinks sold in supermarkets (Figure 6)¹¹.

⁷ 農林水産省茶需給・流通状況調査委託事業 <https://www.maff.go.jp/j/seisan/tokusan/cha/attach/pdf/ocha-6.pdf>

⁸ 農林水産省茶需給・流通状況調査委託事業 <https://www.maff.go.jp/j/seisan/tokusan/cha/attach/pdf/ocha-6.pdf>

⁹ 農林水産省のデータ <https://www.maff.go.jp/j/seisan/tokusan/cha/attach/pdf/ocha-88.pdf>

¹⁰ 農林水産省のデータ <https://www.maff.go.jp/j/seisan/tokusan/cha/attach/pdf/ocha-88.pdf>

¹¹ 農林水産省のデータ <https://www.maff.go.jp/j/seisan/tokusan/cha/attach/pdf/ocha-88.pdf>

図表 IV-14 : 1人あたりの緑茶消費量

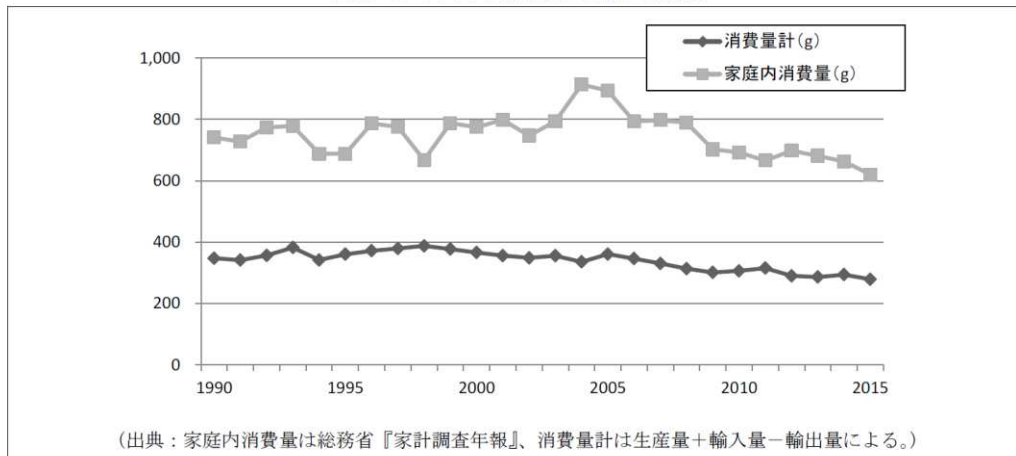


Figure 3: Green tea consumption per capita (Source: graph from the Ministry of Agriculture Forestry, Fisheries Statistics Commissioned survey on the supply, demand and distribution situation of tea, 2017, p.47)

<https://www.maff.go.jp/j/seisan/tokusan/cha/attach/pdf/ocha-6.pdf>

Figure 3 Translation:

1人あたりの緑茶消費量: Green tea consumption per capita

消費量計 (g) : Consumption Meter (g)

家庭内消費量 (g): Intra-household consumption (g)

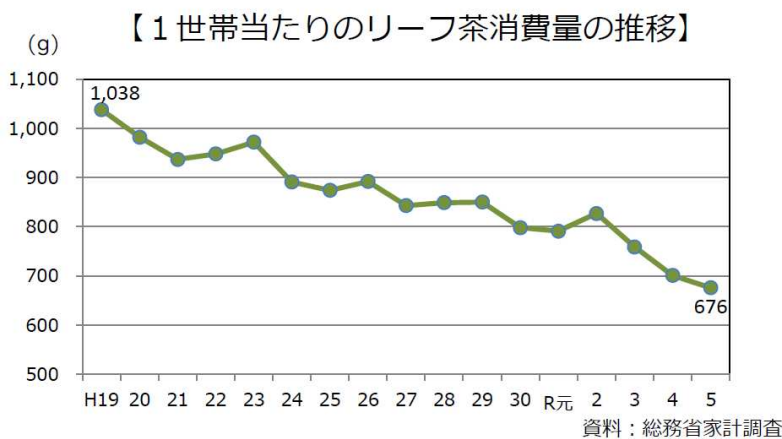


Figure 4: Changes in leaf tea consumption per household (Source: graph from the Ministry of Agriculture, Forestry and Fisheries, “The situation regarding tea”, 2025, p.7) <https://www.maff.go.jp/j/seisan/tokusan/cha/attach/pdf/ocha-88.pdf>

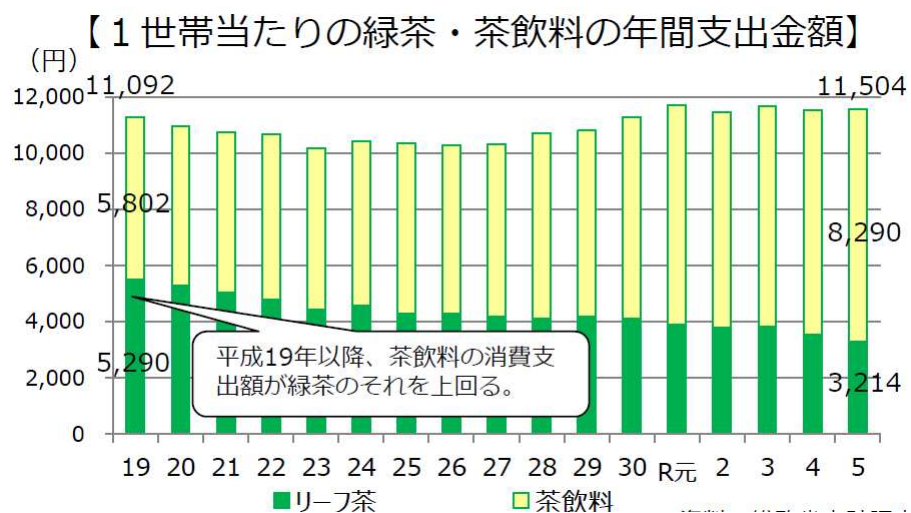


Figure 5: Annual expenditure on green tea and tea beverages per household (Source: graph from the Ministry of Agriculture, Forestry and Fisheries, “The situation regarding tea”, 2025, p.7) <https://www.maff.go.jp/j/seisan/tokusan/cha/attach/pdf/ocha-88.pdf>

Figure 5 explanation:

1世帯当たりの緑茶・茶飲料の年間支出金額: Annual expenditure on green tea and tea beverages per household

リーフ茶: leaf tea

茶飲料: Tea beverages

【緑茶の購入先の変化】

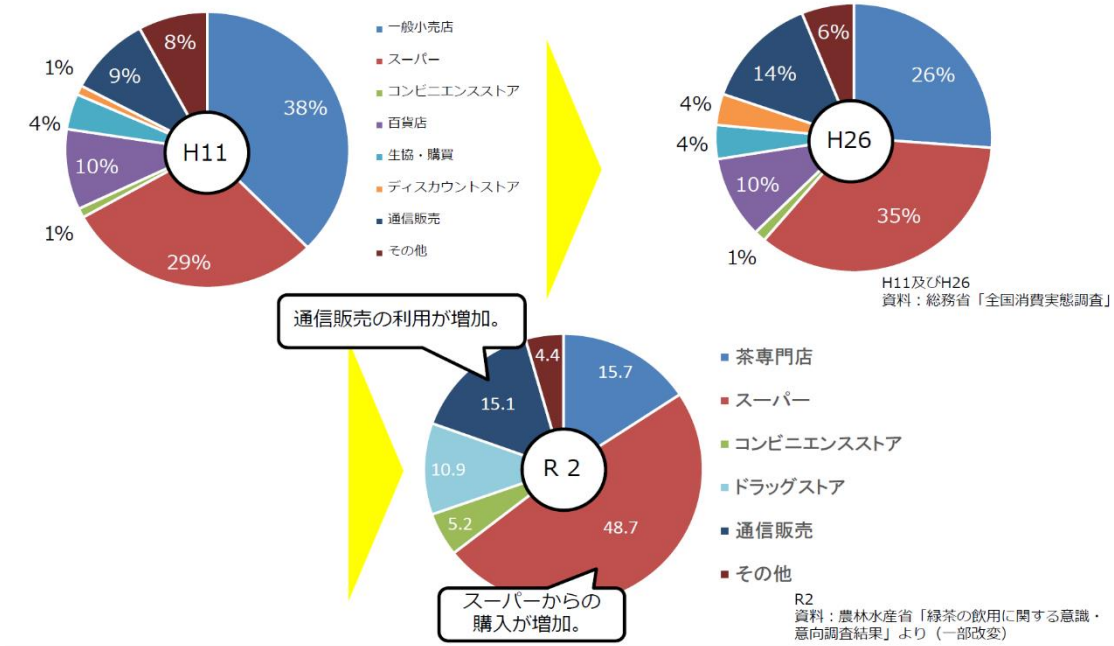


Figure 6: Changes in the consumer market (Source: graph from the Ministry of Agriculture, Forestry and Fisheries, “The situation regarding tea”, 2025, p.9)

<https://www.maff.go.jp/j/seisan/tokusan/cha/attach/pdf/ocha-88.pdf>

Figure 6 Explanation 1st pie chart:

一般小売店スーパー: General retail supermarkets

コンビニエンスストア: Convenience stores

百貨店: Department stores

生協・購買: Co-operatives and purchasing

ディスカウントストア: Discount stores

通信販売: Mail order and その他: Other

Figure 7 explanation 3rd pie chart:

茶専門店: Tea shops

スーパー: Supermarkets

コンビニエンスストア: Convenience store

ドラッグストア: Drugstore

通信販売: Mail order and その他: Other

1.2.3 Challenges for the Japanese Tea Industry

During the 1980s and 1990s domestic demand for tea in Japan decreased, mainly due to the introduction of new drinking habits: modern beverages, such as bottled coffee, saw a significant increase in sales in Japan, with volumes increasing dramatically if compared to a few decades before¹². Pierre-Yves Donzé (2022) notes that in Japan tea consumption was 112,000 tons in 1973; however, it subsequently declined to 93,000 tons by 1989. While Matsuda (1989) shows that during the 70s tea was majorly consumed by elderly people, it was also noted during this period how patents for new tea industries decreased, since the production of tea was more than the demand¹³.

This stagnation caused serious problems to many mid and small-sized companies in the industry, but stimulated innovation and led to the exploitation of new export opportunities. The number of companies which produced tea grew and tea consumption entered a new growth phase after 1990, reaching 116,823 units in 2004¹⁴. This trend was possible thanks to the introduction of tea distributed in a pet bottle, which was brought to market by ITO EN in 1985 (Donzé, 2022). This innovation proved its resilience also during the pandemic: the RTD (Ready-To-Drink) tea segment was the only segment which did not suffer a drop in sales, whereas tea production fell until 2022 due to COVID-19 (Nakatsugawa 2023).

Presently, the Japanese tea industry is facing several challenges. Firstly, tea producers have suffered from a marked increase in the cost of fuel, electricity, fertilizer, packaging materials, and transportation, affected by the protracted effects of the Russo-Ukrainian war and the related sanctions (Nakatsugawa 2023). Secondly, this increase in input costs is worsened by the depreciation of the yen. Thirdly, Yumi Nakatsugawa (2023) stresses how the industry must face serious structural problems caused by the ageing of tea growers and the lack of proper

¹² Qing Xia et al. (2023) “Innovation in the Japanese tea industry, 1970–2020”, cit., pp.108

¹³ Pierre-Yves Donzé et al. (2022), “The internationalisation of the Japanese tea industry from a business history perspective (1990-2020)”. Report on research funded by the Tobacco Research Institute, cit., p.1

¹⁴ Pierre-Yves Donzé et al. (2022), “The internationalisation of the Japanese tea industry”, cit., p. 26

generational turnover. With all these factors in mind, the competitive landscape for Japanese tea producers is indeed very challenging.

1.3 Chapter 1 Conclusions

In this chapter, we have seen how Japan and green tea are indissolubly linked. Japan produces large quantities of green tea, but the domestic consumption of green tea leaves is declining: the only segment of the market showing signs of strength is the bottled, ready-to-drink tea, introduced by the company ITO-EN in 1985.

The Japanese tea industry is currently under pressure: domestically it is struggling against new products backed by global giants while it is facing problems caused by rising input costs, a depreciating yen and an ageing workforce. In this landscape, innovators such as ITO EN have shown how ingenuity and shrewd market decisions are the key to ensuring resilience. In the following chapters, we'll be looking at how the opening of new export markets and constant product innovation can create the perfect combination to create a powerful and successful synergy between green tea and the Made in Japan brand.

CHAPTER 2. THE EXPANSION OUTSIDE OF ASIA

The global green tea market was worth \$12.80 billion in 2019 and according to Fortune Business Insights this market is expected to reach \$35.27 billion in 2032, and exports will increase by 3.5% in 2032. The largest exporter of green tea according to the Food and Agriculture Organisation of the United Nations (FAO) is China with 429 919 tonnes, followed by Vietnam with 84 409 tonnes, the third largest exporter is Japan with 14 320 tonnes, with Indonesia as fourth with 6 244 tonnes.

This market is expected to grow considerably, mainly due to consumers becoming more informed about the benefits of green tea. However, the increase in the green tea market is not only due to increased customer awareness but also to the globalisation of markets and the various treaties concluded between the countries involved. According to data from FAO the global tea market grew between 2005 and 2020. In fact, according to the research, the international tea market grew by 1.1% for each year of the period. This annual increase is due to the connection between the various countries and their trade links, which have increased. Trade links mean an index “measured by the number of normalised trade links compared to the total number of theoretically possible links”¹⁵. And trade links mean the import and export of tea between countries. The factors that made the development of trade routes possible were:

‘[...] increased per capita consumption of tea in low and middle-income countries, changes in consumer preferences towards innovative products such as organic and speciality teas, generally lower tea import tariffs, greater harmonisation of maximum residue levels in tea, the implementation of regional trade agreements, lower international tea prices in real terms, and an improved transport and distribution system [...]’ (FAO).

In this chapter, we will discuss as well on how green tea was exported out of the Asian continent and how it reached the European and American markets. Starting with an initial clarification of the terminology of globalisation, the creation of RTAs and how Japan prepared for this. It will also explain the different trade treaties that Japan has with the U.S. and the EU.

It will also be discussed how Japan introduced green tea thanks to the Universal Fairs.

¹⁵ FAO, “Changes in the global tea trade network” 13-12-2024

2.1 The General Agreement on Tariffs and Trade and the International Trade.

The GATT (General Agreement on Tariffs and Trade) as cited by the Duke Law Library was established after World War II in 1947 and “is a multilateral agreement regulating trade among 153 countries”.

Functioning as a first and proper organisation, however, after seven years of negotiations, in 1993 it became an agreement among 117 countries in which tariffs were lowered to create international laws on global trade and tariffs, entering into force in 1994. The General Agreement on Tariffs and Trade was the basis for the WTO, which came into being in 1995. The WTO provides “a forum for negotiating additional reductions of trade barriers for settling policy disputes and enforcing trade rules”.

This was made possible also because of Globalization which improved the transportation of goods to sea transportation and modern logistics. With the liberalization of markets and increasing competition, we have seen a historic lowering of prices in communication and transportation of goods. Various countries have joined globalization and the internationalization of markets mainly because households have more purchasing power, obtaining services or goods at underprices¹⁶.

However, it is not a matter of the purchasing power of households but also the country benefits, since by opening its borders to the free movement of goods the market provides an incentive to direct domestic resources toward higher value uses, thus contributing to economic growth. Through Globalization, an environment has been created in which economic growth, supported by exports, can help reduce poverty through higher wages in low-income countries. When the incomes of poorer people rise, they gain more purchasing power and become more promising markets for products that others make more efficiently. This phenomenon has occurred repeatedly, particularly in Asia. At the end of the war countries such as Japan, South Korea, Taiwan, and other East Asian countries (Thompson, 2007).

After the war, early Japanese tea exports consisted mainly of low-cost products, similarly to the early manufacturing exports, perceived by global consumers as being low “both in terms of price and quality”¹⁷. However, Japan's manufacturing industries underwent a process of development and maturation over time. Wages in Japan rose because of this export-supported

¹⁶ Thompson, R. L. (2007), “Globalization and the benefits of trade”, *Chicago Fed Letter*, cit., p. 1

¹⁷ Thompson, R. L. (2007), “Globalization and the benefits of trade”, *Chicago Fed Letter*, cit., p. 2

growth, to the point that the country was no longer able to compete in the production of low-end, labour-intensive goods; therefore, such production moved to South Korea and Taiwan to take advantage of cheaper labour (Thompson, 2007).

The World Bank defined the term “Globalization” as:

[...] the process through which goods and services, capital, people, information and ideas flow across borders and lead to greater integration of economies and societies has made substantial advances in recent decades and is viewed by many as an inescapable feature of the world today. [...]

There were two phases before arriving at globalisation: the first phase began around the end of the 19th century, whereas the second wave started after World War II¹⁸. The first phase was characterized by the return of internal trade within Western Europe, and in the second phase western Europe also began to trade with Asia and America¹⁹. The globalisation of markets was made possible by many advancements in shipping and the evolution of freight transport itself, thanks to which there were major reductions in the cost of transporting goods. As mentioned in the article by Esteban Ortiz-Ospina et al. (2024), the difference between these two waves was in what was being traded. The first wave exported goods that were different from the goods they imported from other countries, this phenomenon is also called ‘inter-industrial trade’, while the second wave is importing and exporting similar goods and services (‘intra-industrial trade’).

Globalisation was also perceived in Japan in ‘four specific features’ as mentioned on the website of the Cabinet Office’s Annual Report on the Japanese Economy and Public Finance (2003-2004) Chapter 1. In fact, according to the Cabinet Office website, during the mid-1980s there would be major exchange rate changes as it would result in the appreciation of the yen. Japan moved away from the United States as its main trading partner, focusing more on East Asia. This was due to Japan's advancement of its industrial and trade structure. There was also a stagnation in Japan's international financial and capital transactions, although equity investments from abroad increased. Furthermore, Japan, unlike European and North American countries, would not have close international economic ties, indicating that Japan's globalisation might be less advanced than in other regions.

¹⁸ Esteban Ortiz-Ospina, et alt. (2018) - “Trade and Globalization” Published online at OurWorldinData.org. Retrieved from: '<https://ourworldindata.org/trade-and-globalization>' [Online Resource]

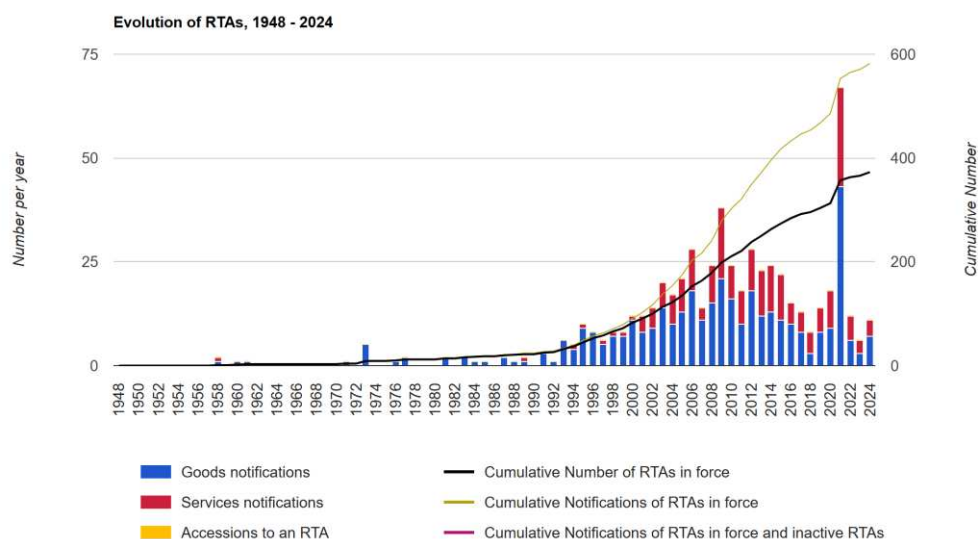
¹⁹ Esteban Ortiz-Ospina, et alt. (2018) - “Trade and Globalization” Published online at OurWorldinData.org. cit., p.1

As mentioned before, through the liberalisation of markets and the GATT (General Agreement on Tariffs and Trade), the global economy grew. However, to get to this point, the work of the World Trade Organisation, also known as the WTO, was crucial.

The main objectives of the WTO are to increase international cooperation on trade and the transparency of these agreements between WTO member countries. It also monitors compliance with the rules of the Global Trade System. As of the 30th of August 2024, 166 members are part of WTO. This organisation is primarily concerned with helping member countries use trade to help and benefit them, by creating jobs and increasing the living standards of their citizens. It also seeks to develop trade in other countries through the trade rules of the global system it operates.

The WTO also deals with Regional Trade Agreements. Regional Trade Agreements, also known as RTA, are defined by the World Trade Organization as:

[...] “are reciprocal preferential trade agreements between two or more partners, constitute one of the derogations and are authorized under the WTO, subject to a set of rules.” [...]



Note: Notifications of RTAs: goods, services & accessions to an RTA are counted separately.

Source: WTO Secretariat - December 13, 2024

© World Trade Organization 2024

Figure 7: Evolution of RTAs from 1948 till 2024 (Source: WTO Secretariat, 13-12-2024) <https://rtais.wto.org/UI/Charts.aspx>

As can be seen from Figure 7, RTAs have been increasing since the 2000s and peaked in 2022²⁰. Among the RTAs present, it is important to mention the following: the European Economic Area (EEA), Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), Pacific Alliance, Association of Southeast Asian Nations (ASEAN), African Continental Free Trade Area (AfCFTA), Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Southern African Development Community (SADC), the United States-Mexico-Canada Agreement (USMCA) coming into force on 1 July 2020 replacing the North America Free Trade Agreement (NAFTA) and the Southern Common Market also known as MERCOSUR.

Among them, Japan is also a member of the WTO; it became a member on 1 January 1995 and of the GATT on 10 September 1955, according to WTO, as seen in Figure 8. Japan, too, is part of several RTA contracts, such as those for (RCET) and (CPTPP). Japan has numerous RTAs with as many countries as Britain, Europe, Indonesia, Australia, etc²¹. In addition, it has recently been announced that there will be a new RTA with South Korea and the Gulf Cooperation Council (GCC), for which negotiations have yet to take place²². The request to be part of these RTAs has been submitted as shown in Figure 9.²³



Figure 8: WTO and Japan (Source: World Trade Organization Member information)

https://www.wto.org/english/thewto_e/countries_e/japan_e.htm

²⁰ WTO Secretariat, 13-12-2024 <https://rtais.wto.org/UI/Charts.aspx>

²¹ WTO Official Site 16-12-2024 https://www.wto.org/english/thewto_e/countries_e/japan_e.htm

²² WTO Official Site 16-12-2024 https://www.wto.org/english/thewto_e/countries_e/japan_e.htm

²³ WTO Database Regional Trade Agreements 16-12-2024

RTAs in force	RTAs for which an early announcement has been made
<input type="checkbox"/> ASEAN - Japan	<input type="checkbox"/> Japan - Gulf Cooperation Council (GCC)
<input type="checkbox"/> Brunei Darussalam - Japan	<input type="checkbox"/> Japan - Korea, Republic of
<input type="checkbox"/> Chile - Japan	
<input type="checkbox"/> Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)	
<input type="checkbox"/> EU - Japan	
<input type="checkbox"/> India - Japan	
<input type="checkbox"/> Japan - Australia	
<input type="checkbox"/> Japan - Indonesia	
<input type="checkbox"/> Japan - Malaysia	
<input type="checkbox"/> Japan - Mexico	
<input type="checkbox"/> Japan - Mongolia	
<input type="checkbox"/> Japan - Peru	
<input type="checkbox"/> Japan - Philippines	
<input type="checkbox"/> Japan - Singapore	
<input type="checkbox"/> Japan - Switzerland	
<input type="checkbox"/> Japan - Thailand	
<input type="checkbox"/> Japan - Viet Nam	
<input type="checkbox"/> United Kingdom - Japan	

Figure 9: Japan and current and future RTAs (Source: WTO, Regional Trade Agreements Database)

<https://rtais.wto.org/UI/PublicSearchByMemberResult.aspx?MemberCode=392&lang=1&redirect=1>

2.2 Green Tea in World Fairs

Between 1873 and 1910, Japan began to export more of its tea culture to European countries through world fairs. These fairs were held in different capitals of Europe and were meant to showcase the various characteristics of the participating country. This could be done through the display of drinks, food, artefacts, etc.

The first fair Japan participated in was in 1873 in Vienna. In 1870, to better prepare themselves, the government of Japan decided to set up an office. The Office was to oversee deciding what to present at the fair. Since it was the first fair the Office for World Exhibition was also followed by Sano Tsunetami, who decided to present at the fair: a golden shachihoko statue, a Buddha statue made of wood and paper and two paper lanterns. The decision was made, to support and raise international awareness of Japan's industry. Among the various options that had been given, chanoyu utensils had been proposed to represent Japan. Although this option was discarded, leaf tea was nevertheless sold in the gift store.

Even in the second World's Fair exhibition, held in 1876 in France, chanoyu was hardly visible. This was because the tea though sold, specification of the use of utensils for this practice, was only displayed in the country's agriculture and pottery section. Defining the practice as “peculiar tea parties.” The description of these “tea parties,” hinted that it was worshipped by great feudal lords, such as Hideyoshi, but that they were not so much used lately in Japan. At the third exposition, which was held in Paris in 1878, there was a disagreement between the French organizers and the Japanese exhibitors. In that, it was requested by the organizers to send Japanese antiques to the exposition. As it is quoted by Oshikiri: “[...] *Japanese understanding of the word “art” did not accord with the definition provided by the French [...]*”

At this time Japan was experiencing rapid growth in tea export, however, tea producers were finding it difficult to produce as many goods as possible with good quality for export. The Meiji government, to help tea producers improve production while maintaining good product quality, decided to introduce production techniques that were being used by China and India. The first guiding instructions were published in 1879. The government also tried to promote the establishment of tea industries that were based on black tea and new production techniques. However, this initial popularity diminished as the tea leaves produced through these new techniques were of low quality compared to those previously produced. For this reason, in 1884 the Central Tea Association was created, an organization formed by tea producers to help each other improve their industry sector. With this association, the tea producers also aimed to “improve quality, maximize profits and promote their products in the overseas market.”

The success of the chanoyu practice and green tea arrived, in 1893 in Chicago. For the first time, chanoyu was recognized as a practice from which Japanese ceramics originated. It was also the first time that a private sector, namely the Central Tea Association, participated in one of the fairs to promote green tea. The decision to bring the private tea sector to the international fair was due to an additional reason. The North American market was the one that exported the most, green tea from Japan but sales had not grown as the producers in this sector hoped. For this reason, it was thought that by “educating” American consumers on how to drink Japanese green tea there would also be an increase in sales.

2.3 Green tea in America

The first traces of Japanese green tea in America occurred in 1863 when a boat from Yokohama arrived in New York. At that time, demand for tea was beginning to increase in the USA and trade agreements had just been concluded between the two countries in 1850. After the Civil

War in America, 'the Great American Tea Company' advertised in the newspapers that it had 'all kinds and all colours of tea' that came from both China and Japan. As also described by Hellyer (2021), this was an exaggeration, yet this exaggeration allowed for the creation of a distinct category of tea, namely 'Japan Tea', a name that would be used for almost a century.

It is important to remember that tea leaves were harvested by hand before Japan started to modernize itself. With the rise and purchase of machines capable of harvesting and processing tea, the price of this beverage gradually decreased. This made it possible to export tea to other countries, such as America, which was more beneficial. In fact, during the early Meiji period tea was mainly exported to America however, this exportation decreased in 1910 and 1935. This was due to a change in consumption by Americans, who from drinking green tea, began to drink black tea.

However, in 1920, a decline in tea exports began and Japan started to focus more on the domestic market. It was at this time that Japanese green tea, particularly sencha, began to be linked to having healthy properties as well as having vitamin C in it. This is thanks to the Japan Centre Tea Association, which used various methods to sponsor and entice the population to drink their local tea. For example, through slogans, or promoting it by saying that giving sencha at the end of the year to people who have done favours shows gratitude to these people. During World War I and World War II only black tea from India was drunk in America, by the end of World War II as described by Hellyer (2021) tea sellers hoped for consumer interest in Japanese green tea. However, by 1954 USA had imported 105 million teas of which only 1.8 million were green tea.

In 1992, new companies such as New Arizona started to produce different types of bottled green tea. There were also the first Japanese companies to move into the American market, such as ITO EN, which opened its first branch in Florida in 1967. However, in 2005 only 12.5% of tea was drunk in the American market. Nevertheless, with the increased interest in the Land of the Rising Sun, the number of companies but also places to try tea began to grow.

Only recently has there been an increase in the American market for green tea, especially matcha and sencha. This success for matcha, and Japanese green tea in general, is due in large part to Starbucks which started selling matcha lattes in Seattle, to expand throughout America and beyond. This trend remained on the rise until 2019, which as the study by Fortune Business Insight (2024) pointed out due to COVID-19, there was a hiatus in the tea supply chain and country closures were detrimental to the growth of green tea. However, according to the US

Department of Agriculture, there has been a recovery in green tea sales since 2020 as consumer interest in beverages and foods that contain antioxidants to reduce the risk of disease is increasing.

2.3.1 The Matcha “Boom”

At the beginning of the 20th century, green tea wasn't popular in America. The last 10 years have seen a veritable boom in this drink (Fregonara, 2022). Its main selling points are its green colour, its antioxidant properties, and other benefits such as improving memory and concentration. Although Matcha contains caffeine, as it is diluted, it is absorbed more gradually compared to a cup of coffee.

Matcha has become one of the most popular and well-known beverages of the last decade. Originating in Japan and widely used during the Sengoku period, it has now gained global popularity. To better understand how matcha rose to fame, it's essential to consider the role of globalization and the health benefits associated with consuming it. Matcha is also often labelled a "superfood." But what does this term mean? "Superfood" refers to foods rich in substances that are especially beneficial for health. However, as noted by ISS Salute (2023), this term is frequently used primarily as a marketing strategy to promote and encourage the consumption of certain foods. This, however, doesn't change the properties that matcha has.

Matcha became globally popular thanks to Starbucks which started to serve Matcha Green Tea Lattes in the first decade of the 2000s and by the 2010s the popularity of this drink expanded in all USA²⁴. This beverage is available in most of the shops Starbucks has opened around the world. In 2019, Starbucks had as many as 30,000 shops open and is the largest buyer of matcha tea from China, Japan, and South Korea²⁵. But not only the Sugimoto Tea company settled in America in Seattle, in 2005 at first not very popular with Americans. However, the following decades saw an increase in matcha tea.

In 2014, Sugimoto, with the exponential growth in demand for organic matcha tea, started to process matcha itself. Then in 2016, Sugimoto signed an agreement with several Tencha tea companies from which it receives 80 per cent of the tea it sells. In February 2019, Sugimoto decided to open a second factory in America, also increasing production from 80 to 100 per

²⁴ Bonanno, A., Sekine, K., & Feuer, H.N. (Eds.) (2019). “Geographical Indication and Global Agri-Food: Development and Democratization” *Routledge*, cit., p.59

²⁵ Nakatsugawa Y. (2019), “Matcha in the New Era”, *The Tea & coffee trade journal*, cit., p.2

year exclusively for foreign sales. Although matcha tea is also cultivated in China and South Korea, the Sugimoto company, according to Yumi Nakatsugawa's (2019) article, would stand out because it comes from Japan and is a reliable product. As for sales in the RTD (Ready-to-drink) market, seeing the matcha tea boom globally ITO EN moved in 2016 with the establishment of a specialized matcha processing factory. Having different processing uses of tea to please a wide range of customers.

In doing so, ITO EN produced an impressive 620 metric tonnes of matcha in 2018 and set a production growth target for 2021 of 620 tonnes to 1,380. ITO EN's main exports of matcha tea have been to the North American market²⁶. As matcha tea became increasingly popular in America, in addition to a new line of matcha tea created by ITO EN, matcha cafés also known as 'matcha LOVE' were opened by the subsidiary in America²⁷. These cafés serve matcha tea drinks, ice cream, tea sets, and gifts.

There is currently a matcha tea shortage according to videos that have gone viral on social media such as TikTok, and Ippodo Tea's statement confirms that production cannot keep up with the surge in matcha tea²⁸. For this reason, some of the products sold by this store will be discontinued until early 2025. This is mainly due to the drink's popularity and other factors, such as globalisation and the free fall of the yen.

²⁶ Nakatsugawa Y. (2019), "Matcha in the New Era", *The Tea & coffee trade journal*, cit., p.5

²⁷ Nakatsugawa Y. (2019), "Matcha in the New Era", *The Tea & coffee trade journal*, cit., p.5

²⁸ *IPPUDO TEA* <https://global.ippodo-tea.co.jp/blogs/news/product-announcement-temporary-suspension-of-sale-for-certain-products>

Temporary Suspension of Sale for Certain Matcha Products (Updated on Nov. 11th)

2024/10/30

Production has been unable to keep pace with the recent surge in demand for matcha, leading to a shortage of supply.

As a result, we regret to inform you that we will temporarily suspend the sales of certain products below, until the beginning of 2025 (subject to change).

We sincerely apologize for the inconvenience this causes our valued customers.

Figure 10: Ippodo Tea suspension of tea matcha products for shortage

<https://global.ippodo-tea.co.jp/blogs/news/product-announcement-temporary-suspension-of-sale-for-certain-products>

2.3.2 Trade Treaty between USA and Japan

According to the Congressional Research Service (CRS), Japan and America are very close economic partners and have two trade treaties: the U.S.-Japan Trade Agreement (USJTA) and the U.S.-Japan Digital Trade Agreement. The former focuses on lowering tariffs for goods and the latter on technology. As far as green tea is concerned, we are interested in the USJTA.

The USJTA sees cooperation from the US towards Japan. America pledges to eliminate 241 duties on goods in this trade treaty. Mainly for industrial goods like cars and bicycle parts. But also, on agricultural goods like green tea, cheese etc. The USJTA has been in force since 2020; there are no duties on agricultural and industrial goods in these years.

According to a report by the United States Department of Agriculture (USDA), America exported \$68 million to Japan in 2022 through the USJTA. Most of the exports that would have resulted in this figure would have been “coffee, tea and spices”.

According to this same report, Japan imported a huge amount of coffee (around 400,000 MT) from America in 2021, and although Japan consumes 75,000 MT of green tea, black tea is also becoming popular. 17,000 MT of black tea was consumed in the same year. As can be seen from the numbers, green tea is consumed the most although there is also an interest in black tea.

As for Japan according to the Ministry of Agriculture, Forestry and Fishes (MAFF, 2025), America in 2023, would import 39 percent of the tea that is produced in Japan. As is shown in Figure 11²⁹. Not only that, the USA would also turn out to be the country that imports the most matcha tea powder as can be seen in Figure 12³⁰.

【主な輸出先国(上位5カ国地域・R5)】
(輸出量シェア)

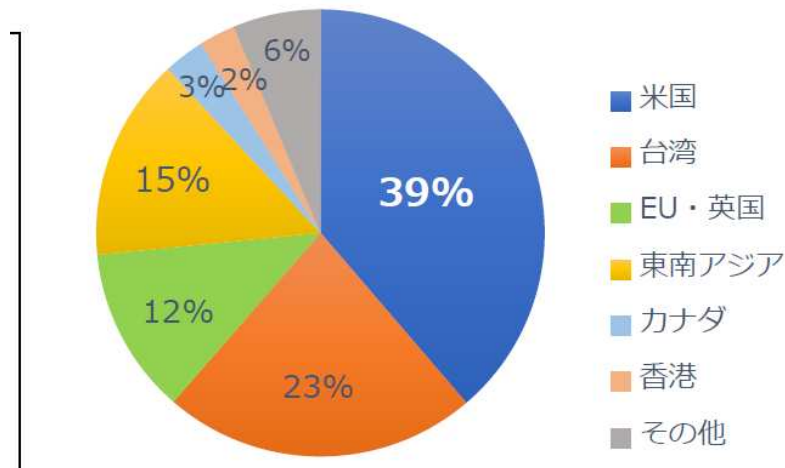


Figure 11: Top 5 main exporting countries Region, 2025 (Source: Trade Statistics, Ministry of Finance, p.17)

<https://www.maff.go.jp/j/seisan/tokusan/cha/attach/pdf/ocha-80.pdf>

Figure 11 explanation:

- 米国 United States
- 台湾 Taiwan
- EU・英国 EU- United Kingdom
- 東南アジア Southeast Asia
- カナダ Canada
- 香港 Honk Kong

²⁹ MAFF (2025): <https://www.maff.go.jp/j/seisan/tokusan/cha/attach/pdf/ocha-88.pdf> 12-02-2025

³⁰ MAFF (2025): <https://www.maff.go.jp/j/seisan/tokusan/cha/attach/pdf/ocha-88.pdf> 12-02-2025

- その他の Others

【形状別の緑茶輸出実績（2023年）】

	輸出量 (トン)			輸出額 (百万円)		
	粉末状	その他	合計	粉末状	その他	合計
米国	2,393 (81%)	543 (19%)	2,936	13,086 (83%)	2,603 (17%)	15,689
EU・ 英国	484 (53%)	429 (47%)	913	2,870 (68%)	1,342 (32%)	4,212
台湾	176 (10%)	1,540 (90%)	1,715	726 (33%)	1,476 (67%)	2,202
世界 計	4,290 (57%)	3,289 (43%)	7,579	21,606 (74%)	7,580 (26%)	29,186

※括弧内は、形状別の割合

Figure 12: Green tea export performance by shape (2023) (Source: Ministry of Agriculture, Forestry and Fisheries)

<https://www.maff.go.jp/j/seisan/tokusan/cha/attach/pdf/ocha-88.pdf>

Explanation of Figure 12:

輸出量（トン）：Export Volumes (Tons)

輸出額（百万円）：Export Volumes (Millions of yen)

粉末状: In powdered form

その他の: In other forms

合計: Total Amount

米国: USA

EU・英国: EU and Great Britain

In addition to being one of the largest exporters of matcha tea, the USA, to be more precise in San Francisco, has established an International Tea Festival also known as SFITF. At this festival held in the ‘San Francisco Bay Area’ which is one of the areas where the tea market is expanding the most, visitors can attend tea seminars and try new varieties of tea. According

to Jetro, 3,500 people visited SFITF and there were 35 companies as exhibitors, including one of the most renowned companies ITO EN. It is in this very area where the festival takes place that the company has been able to extend its products to hi-tech companies and have their products on display in their offices.

ITO EN not only participates in SFITF but is also its sponsor. It is one of the Japanese companies from which most of its foreign revenue comes from the USA, mainly due to its sugar-free RTD green tea (Oi-Oicha), and the ‘matcha Love’ brand.

<https://www.jetro.go.jp/biz/areareports/2019/f8d95837fba64c4d.html>

2.4 Green Tea in Europe

The first mention of tea in Europe, in written form, was in 1559 by Venetian author Giambattista Ramusio (1485-1557) in “*Navigazioni e Viaggi*”. Ramusio was the secretary of the Council of Ten in Venice and learned about the most important visitors and trade information of the time, which he reported in his manuscript. He described meeting a Persian merchant who introduced Ramusio to tea among them.

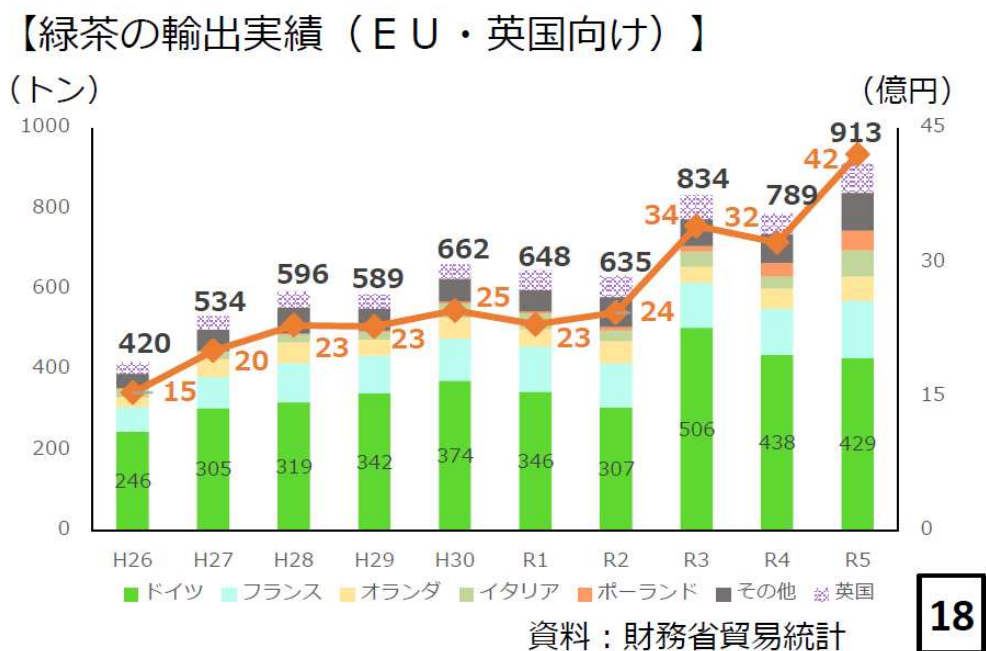
Europe has been importing tea for many centuries. As early as the 1500s, Portugal established trade routes by ship with the Asian continent. Portugal began trading with Japan in 1542, fifteen years before they were able to obtain permission to reside and trade from Macau.

Besides Portugal, there was also Holland, which with the establishment of the first trade charter of the *Vereenigde Oostindische Compagnie* (VOC) in 1602, also known as the East India Company in English, first exported Japanese tea in 1610. In the beginning, it was seen only as medicine expensive and usable only for a few, it was possible to obtain it through the pharmacies of the time, becoming popular in the Netherlands. However, this first interest gradually became less of a novelty, which made sure that the price of tea dropped dramatically in 1647.

Although this drop in price for tea and interest was taking all of Holland to other countries such as France, it was beginning to become fashionable. According to letters from Madame de Sévigné, tea parties started to develop in Paris. While in 1675 tea also became popular in England. Tea in England was becoming a daily commodity for both the middle and upper classes. In 1717 tea houses opened for the first time. The first tea houses in England were established by Thomas Twining, founding father of the famous Twinings tea brand, with the first store being called the “Golden Lyon Tea and Coffee House.”

Nowadays, Japanese green tea demand in Europe is growing. As can be seen in Figure 13, we consider the exports that occurred between Europe, Britain and Japan during the period from 2014 (H26) to 2023 (R5)³¹. In the graph you have in the left vertical axis the exported tons, and in the right vertical axis the economic value in yen. At the bottom, you have a legend with the various countries that export green tea from Japan. As can be seen from the graph both Germany and France remain the two countries that import the most Japanese green tea. However, it is also possible to see gradual growth in other countries. Let's consider Italy: Japanese tea imports soared from 20 tons in 2014 to 32 tons in 2023. Britain and the Netherlands are also standing out as increasingly relevant markets. An increase in the total volume exported can be seen, which from 2014 was 420 tons is increased to 913 tons in 2023. During this period, exports in 2023 experienced considerable growth, probably due to increased demand for quality green tea.

Currently, as in America, green tea, particularly matcha, is also becoming popular in Europe, as can be seen in Figure 12³². Europe along with the United Kingdom is the third largest tea exporting country from Japan with 12% export in 2023.



18

Figure 13: Green tea exports to the EU and the U.K. (Source: Trade Statistics, Ministry of Finance)

<https://www.maff.go.jp/j/seisan/tokusan/cha/attach/pdf/ocha-80.pdf>

³¹ MAFF (2024): <https://www.maff.go.jp/j/seisan/tokusan/cha/attach/pdf/ocha-80.pdf>

³² MAFF (2024): <https://www.maff.go.jp/j/seisan/tokusan/cha/attach/pdf/ocha-80.pdf>

Figure 13 explanation:

(トン) : Tons

(億円) : Billions of Yen

ドイツ: Germany

フランス: France

オランダ: Netherlands

イタリア: Italy

ポーランド: Poland

その他: Others

英国: United Kingdom

2.4.1 Trade Treaty between EU and Japan

Japan and the EU currently have an Economic Partnership Agreement (EPA). But what is EPA? The EPA as mentioned on the European Commission website: [...] “...are trade and development agreements negotiated between the EU and African, Caribbean and Pacific countries and regions” [...]

Japan and the EU started negotiating this agreement in 2011. However, Japan had to wait almost eight years to get the EPA with the EU. In fact, on July 17, 2018, Japan signed an EPA with the EU, and in 2019, it came into force. On February 1st, 2024, was the fifth anniversary of the EPA between EU and Japan.

This agreement provides for political cooperation and strengthens trade and investment. With the EPA, duties on Japan's products will be decreased and phased out, such as cheese, which will be eliminated in 10 years. In other cases, other products, such as wine, green tea, and sake, will be eliminated immediately.

Thanks to the EPA between the EU and Japan, a seven per cent increase in goods trade was seen in 2023. According to Access2Markets, the EU would import 342,956 kg of green tea from Japan in 2023, which is equivalent to €13,976,484.

Japan to EU27



Figure 14: Green Tea exported from Japan to the EU (Source: Access2Markets)

<https://trade.ec.europa.eu/access-to-markets/en/results?product=090210&origin=JP&destination=IT&recent#tariffs>

CHAPTER 3. ITO EN's case

From this point on we will focus on ITO EN. ITO EN was selected as a case study because it has been a successful innovator as far as the green tea market is concerned: the company first created tea in cans in 1985 and then further evolved into pet bottles. It is an example of a medium-small company selling tea that managed to stay in the beverage market and not perish, despite big companies like Coca-Cola being present in the Japanese market and becoming a global giant. It was among the first Japanese companies to enter the North American market, becoming a bottled green tea giant. Beyond that, it is a company that is increasingly expanding abroad. In fact, in 2025, ITO EN is planning to open companies in India as well, while in 2024, it has opened two subsidiaries in Vietnam and Europe in Germany. The company is looking to expand in the European market, particularly in Spain, France, Germany and Italy. Giving itself a mission to expand further in 2040. In addition to ITO EN's iconic 'Oi- Oicha' product, the company has the 'Tully's Coffee' chain created in Seattle but also present in Japan, and the 'Tea's Tea' brand.

3.1 ITO EN's history

The company was founded in 1960 by two brothers, Honjo Masanori and Honjo Hachiro, who realised how profitable the tea market could be and became a major distributor. The company's name was initially 'Frontier Tea Corporation' but would change the name in 1969 to ITO EN. Indeed, in 1960, the demand for domestic tea in Japan was increasing, and in 1966, the company founder focused mainly on the distribution of this commodity. However, a few years later, a decline in domestic consumption in the country began, and Honjo was forced to reinvent his company to keep it alive.

In its early days (1966-1978), the company, founded in Shizuoka, had two main advantages: new marketing and a new distribution method. Unlike the other existing companies, ITO EN started to sell new products, i.e., confectionery teas directly to supermarkets at lower prices. In 1968, they were the first company to use TV advertisements to promote their products, thanks to which their products became popular. In particular, the ad they used on TV with the phrase "Oi-Oicha ITO EN" later became the company's trademark. Thanks to these new ideas in 1968, the company became the most prominent tea seller.

Noticing this and as described by Qing Xia et al. (2022), more specialised retailers, to compete with this newly emerging company, decided to make new luxury products to be sold in supermarkets. In response to the competition, ITO EN decided to set up its tea shops. The first

one was created in 1977, and in 1979 the company had 13 shops. In addition to these unconventional ideas, the company placed particular emphasis on verticalizing its production in the tea-producing district of Shizuoka, setting up factories for the packaging and processing of tea. The emerging tea giant looked for ways to improve its product and to do this, it bought a high-tech vacuum packaging machine in Switzerland in 1972 and sought cultivation for organic, pesticide-free tea in 1974. Despite this, the company was on the brink of bankruptcy; however, it was able to avoid receivership by expanding sales, which allowed ITO EN to improve its profitability and continue to develop. By 1978, the company had 551 employees.

In the second half of the 1970s, tea consumption in Japan steadily declined. To cope with this problem, ITO EN diversified its products and established business relationships with new business partners. To diversify the company's beverage products, a sales contract was signed with a Chinese state-owned company to export oolong tea, which was becoming popular among Japanese consumers. However, ITO EN had to commit to a sales volume of 270 tonnes for this contract.

To reduce the risk of overstocking, the company developed canned oolong teas without sugar, additives or artificial colouring, responding to the demand for healthy drinks. They also promoted the image of natural and healthy products to differentiate themselves from sugary juice drinks. ITO EN also expanded its sales channels, developing vending machines, bars, and clubs, and maintaining a presence in supermarkets and specialty shops. Subsequently, the company diversified further in 1981, introducing canned Sri Lankan black tea and other products in cans, such as coffee, juice, black tea, green tea, jasmine tea and mineral water.

So much so that ITO EN had to increase its production capacities. To do so, the company subcontracted much of the production to OEM beverage manufacturers. According to Qing Xia et al. (2022), in 1992, the company had 33 OEM factories. This made ITO EN focus more on marketing, distribution and product development. In addition to OEMs, the company collaborated with Coca-Cola and Suntory, which hinted that it wanted to expand more into mass production. Thanks to this partnership with the China National Native Produce and Animal By-Products Import and Export Corporation, the demand for canned oolong tea increased more and more.

In 2018, according to Qing Xia et al. (2022), ITO EN was the fourth largest company in the beverage market in Japan.

3.2 Oi-Oicha and ITO EN's success

After the great success with canned tea, the company concentrated particularly on products with sencha. By overcoming the problem of 'oxidation of the tea leaves' and losing the flavour of green tea which took 10 years to solve, they were able to produce and sell Sencha tea in cans for the first time in 1985. The name of the product, which was changed to 'Oi Oicha' in 1989, was appreciated and particularly recognised by consumers. The "Oi Oicha" brand saw several developments to meet consumer demand and make the product as convenient as possible, as well as modern. For instance, the containers of this product were developed and changed. From cans they became 2-litre plastic bottles in 1990, 500ml plastic bottles in 1996 and hot-selling plastic bottles in 2000. All these developments made the product brand very recognised.

The company used various techniques to introduce the product to consumers, which were very effective in making 'Oi Oicha' one of Japan's most widely consumed drinks and known abroad. Tea was and is drunk routinely in Japan. However, this bottle of tea, unlike the others, contains no sugar. This meant that in a beverage market full of sugar, it became the most popular and consumed product among the Japanese. Tea was sold in konbini together with packed lunches, making it a habit and increasing the company's sales.

As a second technique, ITO EN used TV advertising and pop singers who were well known at the time as brand ambassadors. In addition to conducting a haiku contest for consumers, the best haiku was published in their product packaging.

As cited by Qing Xia et al. (2022), ITO EN's distribution system became increasingly aggressive. The company opened sales offices nationwide, collaborated with external partners, and increased the number of vending machines under its control. The last move was very important, as ITO EN's competitors had not considered this idea.

This product made ITO EN one of the first companies to create bottled green tea. The success of this product was mainly due to the marketing used, informing consumers through the 'Oi-Oicha New Haiku Awards' and advertisements, and product improvements. This product was the company recognised for the first time in 2019 by the Guinness World Record as "the world's biggest-selling natural healthy RTD green tea beverage and has continued to expand its footprint as an innovative brand driving the global green tea market".

3.3 Overseas success

3.3.1 ITO EN in the Overseas Markets

ITO EN has been present in the export market since 1980. In 1987, the company founded ITO EN (USA) INC. in Hawaii to produce and sell tea in the American market. In 1994, a joint venture was established in China to produce, export, and sell tea leaves. In 2001, ITO EN (North America) was founded, and it started to sell tea leaves and beverage products in the American market.

However, in the early 2000s, there was an increase in global demand for Japanese green tea, so in 2005, ITO EN was founded in Australia, AUSTRALIAPRT. LIMITED, to create a tea supply system. In addition to Australia to open more to the South-East Asian market, ITO EN AUSTRALIAPRT. Asia Pacific Holdings Pte. Ltd was created in 2012 and is based in Singapore. The year after, ITO EN (Thailand) Co., Ltd was made, and in the same year the company did a joint venture with PT Ultrajaya Milk Industry & Trading Company, Tbk and created the PT ITO EN ULTRAJAYA WHOLESALE in Jakarta. On the 1st of April 2024, the company opened in Vietnam and Europe with two branches, one in Ho Chi Minh and the other in Düsseldorf, Germany.

According to an NNA article, ITO EN director Daisuke Honjo planned to expand its market in India in 2025 and enter the African market by 2028. The president plans to enter the market of 100 countries in 2040.

3.3.2 ITO EN in the American Market and its marketing strategy in the USA

As described by Kitahata (2014), ITO EN opened a research centre in New York in 2000 to enter the American market, and the following year, ITO EN (North America) was founded. In 2002, the subsidiary was constructed. Then, in 2006, the company bought Mason Distributors. Inc, a company producing and selling supplements, which became part of ITO EN. From this, 'products based on green tea extracts and foods containing tea' were started.

To establish itself and enter the American market, ITO EN focused on three key points: proposing sugar-free tea culture to American consumers, integrating the products into American culture, and selling tea extracted from tea leaves.

The first thing ITO EN did as a marketing strategy was to educate American consumers about Japanese culture and how to drink tea according to this culture. To do this, an antenna shop with a restaurant was set up in a supermarket in Manhattan. This process of 'educating' future

customers lasted for 10 years. After this first phase, the American market expanded more, causing ITO EN to change its marketing strategy, i.e., to use the same packaging as in Japan but to adapt to the tastes of the local market with the developed products.

On 20 May 2024, ITO EN announced Shohei Ohtani, a Japanese baseball player for the Los Angeles Dodgers team, as the Global Brand Ambassador for their product 'Oi- Oicha'. Shohei Ohtani was the first Japanese to make an AL home-run crown and achieve double-digit wins and home runs for the second consecutive year. The partnership with the player comes into effect on 30 May 2024 with letters advertised in newspapers by both the company and the player himself and massive publicity in several countries where it can be seen Shohei Ohtani, in a white t-shirt, on his left hand holding a bottle of "Oi- Oicha, and for the background, it can be seen the cultivation of green tea leaves, as demonstrated in Figure 15³³This photo was used as a commercial in countries other than Japan, including South Korea, America, and Taiwan.



Figure 15: Shohei Ohtani in ITO EN's advertisement announcing that he would be the company's global ambassador (Source: ITO EN Global News site) https://www.ITO EN-global.com/news/news_release/other/1638.html

With the new global ambassador, ITO EN's product packaging was later created to depict the player's face, and it also debuted the new 'Green Tea for Good' initiative. This initiative, which the company has been working on since 2010, would take a portion of the proceeds from the 'Oi Oicha' branded tea bottles and leaves, which would then be used 'for conservation activities, including forest, water, and biodiversity conservation in Japan and overseas'.

3.3.3 ITO EN in the European Market and its European Marketing Strategy

ITO EN's first European branch was established recently (1 April 2024) in Düsseldorf, Germany. The decision to set up a subsidiary as a base in Europe was due to several issues. The

³³ https://www.itoen-global.com/news/news_release/other/1638.html 8-01-2025

first is the product's packaging. As discussed in the Nihon Keizai, the company had thought of modifying the packaging by packing it in Japan with cardboard and later shipping it. However, this would have led to increased transport costs and the development cost for the product.

In addition, trials of the new packaging were carried out in France and Germany. In Germany, it was through 'DoKomi', the largest event focusing on anime in Europe. In France, 200,000 people tried out ITO EN's new product at the Japan Expo held in Paris.

Although the European market is not yet well known to the company, as reported by Nihon Keizai (17/09/2024), it was noted that the initial interest in Europe in Japanese food culture is taking 'root'. Not only that, but after COVID-19, European consumers have also become much more health-conscious.

Although the company used Shohei Ohtani as a testimonial for its marketing strategy in both Japan and America, baseball is not well known in Europe. This is because, unlike in other countries such as America and Japan, most Europeans are more focused on football. As the Nihon Keizai newspaper article described, 'few people recognised him', and most Europeans were interested in the collaboration ITO EN had made with Hello Kitty for tote bags.

In fact, as a marketing strategy, the company used Japanese culture rather than athletes on social platforms like Instagram. An analysis of ITO EN Italy's Instagram profile and ITO EN Europe's other Instagram profiles shows how traditional Japanese dishes accompany the company's iconic bottle. As can be seen, the bottle has undergone some changes from the usual packaging; these changes were due to a recently passed law in the EU in July 2024, which stipulates that bottles and paper cartons of less than 3 litres must have the cap integrated into the bottle. This manoeuvre was made to improve the recycling of plastic and prevent littering.

In addition to traditional Japanese food with the company's bottle, one can see how ITO EN's mascots, Oi-Oichakun, were also used. Above all, one notices how, in addition to recipes with green or matcha tea, there are posts to 'inform' Instagram users of the benefits of matcha and green tea.



Figure 16: Oi-Oicha with sushi (Source: Instagram ITO EN's Italy Official Page)

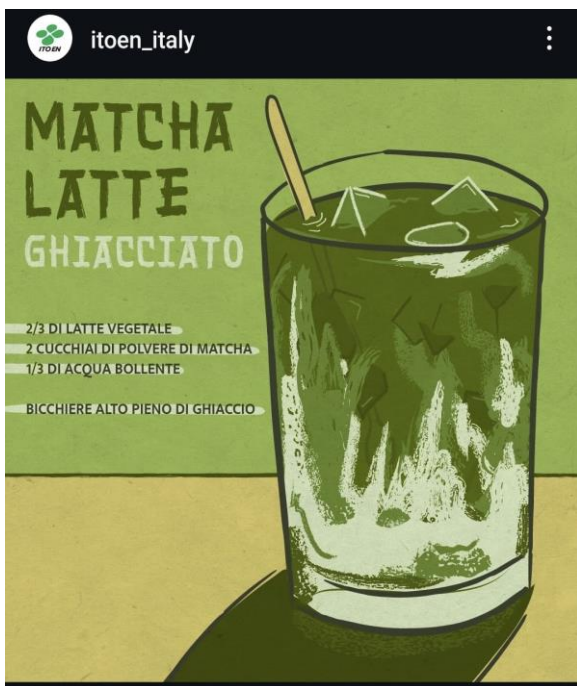


Figure 17: How to make Matcha Latte (Source: Instagram ITO EN's Italy Official Page)



Figure 18: Oi-Oicha with elements of Japanese traditional culture (Source: Instagram ITO EN's Italy Official Page)



Figure 19: Oi oichakun celebrates Christmas (Source: Instagram ITO EN's Italy Official Page)



Figure 20: explanation of the characteristics of sencha (Source: Instagram ITO EN's Italy Official Page)

3.4 Interview with the ITO EN PR team

On January 14th, 2025, I had the pleasure of interviewing ITO EN's PR team, particularly Mr Yamamoto, from the International Trade Promotion Department, and Ms Yuki, part of the same Department and in charge of European markets.

In this part of the chapter, I will transcribe the Japanese interview with the English translation.

1. アジア市場と欧米市場との違いがありますか？

山本さん> そうです。違うところとしては、もともとそのアジアの中国からお茶の文化って入ってきてますので、その無糖の緑茶を飲むという文化自体はあるのはアジアですよ。ですから、やっぱり今、伊藤園はまあアジアにも北米にも会社がありますけれど、やはり北米である程度、その無糖の緑茶っていうものがまあ認識されるのは結構時間がかかったのかなと。今設立してば20年ぐらい経つんですけども、ようやくまあアメリカでまあ大分より無糖のお茶がまあこう把握れてきたのかなというふうには感じますけれども。アジア、伊藤園誰も、例えばインドネシアでしたりとかタイでしたりとか、というところ今進出をしてそうですね。近くとか経ってるんですけども、やはりアジアの方がやはりそこの浸透率っていうんですか？ 知度っていうんですか？ やっぱりあのまあ、もともとお茶を飲むという文化が

緑茶を飲むと効果がありますので、そこは浸透は早かったなというふうに思っています。

1. Are there differences between the Asian and Western markets?

Mr Yamamoto: Yes, there are. The difference is that the tea culture originally came from China in Asia, so the culture of drinking unsweetened green tea is Asian. Therefore, although ITO EN has companies in Asia and North America, it took quite some time for unsweetened green tea to be recognised to some extent. It has been about 20 years since ITO EN was established, but I feel that, in the US, unsweetened tea is finally gaining more and more recognition. ITO EN has been making inroads in Asia in Indonesia and Thailand, for example. It's been nearly two years since ITO EN's first tea was introduced in Asia, but I guess Asia has a higher penetration rate, or is it more widely known? Or is it more about the degree of knowledge? Well, the culture of drinking tea has always been that drinking green tea is effective, so I think it has penetrated more quickly.

2. アメリカでは砂糖入りのお茶が飲まれているにもかかわらず、伊藤園アメリカが無糖茶製品を販売し始めた理由は何でしょうか？教えていただけませんか？

山本さん>はい、これはです。アメリカにかかわらずなんですけれども、あの伊藤園はですね、今、ここに書いてあるようなアジアであったヨーロッパに対しても、基本的には砂糖が入っていないお茶の販売を応募しております。伊藤園かそもそも日本ではですね。健康をお客様に提供する会社として、今位置づけてましてお客様に今健康である。お豊かな生活っていうことを提案をしているんですね。日本でも、やはり砂糖の摂り過ぎによってこう肥満の方が増えていくということもありましたので、こういったお客様に健康を提案するという中で。伊藤園はも昔からです。不当茶をこう日本に広めてきたという歴史があります。海外に関しても確かに、これまでは砂糖入りのお茶を飲む文化っていうのは、アメリカにかかわらず、ヨーロッパほかの国でもあったんですけれども、今ご存知の通り、世界では砂糖に税金がか

かるようになってきているかと思います。今私の知っている範囲では45カ国ほど砂糖に砂糖入りの飲料に対して税金をかけている国があります。でそれはなんでかというところ、やは、世界的に見ても、健康をこう皆さんが維持するためには、砂糖というものはあまり良くないものだというふうな考えがお広まりつつあるというところで失敗等へはそれに目をつけまして日本と同じくですね。今後、世界でもその砂糖の入っていない無糖のお茶を販売をしているということになります。

2. Why did ITO EN USA start selling unsweetened tea products even though sugar-sweetened tea is drunk in the USA? Could you tell us?

Mr Yamamoto: Yes, this is. It is not only in the United States but also in Europe; as you can see here, Ito En has applied for the sale of sugar-free tea. Ito En or in Japan to begin with. We are positioned as a company that provides health to our customers, and we are now offering our customers a healthy life. In Japan, we also sell sugar-free teas. In Japan, there has been an increase in the number of obese people due to excessive sugar consumption, so we have been proposing healthier lifestyles to our customers. Ito En has been doing this for a long time. We have a long history of spreading unfair tea in Japan. In the past, the culture of drinking tea with sugar was also present in Europe and other countries, but as you know, sugar is now being taxed worldwide. As far as I know, there are 45 countries that tax sugar and sugar-sweetened beverages. This is because, even from a global perspective, the idea that sugar is not suitable for maintaining good health is becoming increasingly popular, and countries like Japan have noticed this. We are now selling sugar-free tea in the USA as well as in other countries, hoping that this sugar-free tea will become popular around the world in the future.

3. それでは、アメリカの市場とヨーロッパの市場の違いがありますか？

山本さん>細かいところでは、やはりアメリカの市場化をニーズとヨーロッパニーズ、変わってくるかと思っております。ただ、広い範囲で見ると基本的には似ているかなと思っております。実際に細かい図もじゃあどのように販売をしていくかというところにつきましては、アメリカであったりヨーロッパであったり、現地

に伊藤園社会員を派遣しましたですね。その細かい現地のニーズを捉えて多少その報告や宣伝、そういったところに違いを見せてはいるんです。けれども基本的に商品としては同じも日本でも飲まれているような到着を広めていくというところで大きな違いではないですね。

3. Are there any differences between the American and European markets?

Mr Yamamoto: In terms of detail, I would say that the needs of the US market and Europe are different. However, if you look at the broader picture, I think they are similar. Regarding the actual details of how we sell our products, we dispatched Ito En's members to the US and Europe. We have sent ITO EN members to the USA and Europe to determine how to market our products there. However, there are no significant differences in how we promote the arrival of products that are basically the same and drunk in Japan.

4. ヨーロッパの消費者は、御社のグローバル・アンバサダーである大谷翔平選手を知らないかもしれません。ヨーロッパだけのアンバサダーを作る予定がありますか？

ユーキさん>あのヨーロッパもそうなんですけど、アメリカと日本以外では、基本的には大谷翔平の知名度が低いのかなというふうに思っています。一部台湾とか韓国とかもある程度認識はあるんですけど、なのでそこ以外ではあの特にアンバサダーということはしてなくて、もちろんヨーロッパであれば、野球よりサッカーがメジャーなスポーツだったりもしているのでゆくゆくはもちろん、そういったところであのメジャーな方にアンバサダーをしていただくっていうのはもちろん検討はするんですけど、伊藤園ヨーロッパがあの去年、立ち上がったばかりの会社であのまだまだ大きく投資していけるような状態ではないので、すぐにどうこうっていうのはおそくないんです。けれども、今後アンバサダーの方起用するっていうのはもちろん検討しております。

4. European consumers may not know your global ambassador, Shohei Ohtani. Do you have plans to create an ambassador just for Europe?

Yuki: Europe is the same, but I think that Shohei Otani is not well-known outside of the US and Japan. Of course, in Europe, football is a significant sport rather than baseball, so in the future, we would like to have a major player like Shohei Otani as an ambassador in those places. But ITO EN Europe was just established last year, and we are not yet able to make a significant investment, so there is no immediate plan. However, we are, of course, considering appointing ambassadors in the future.

5.なぜドイツで展開のことになりましたか？

ユーキさん>ドイツに会社を立てたてというのは、もともと日本から商品をあの直接お客様に輸出して、あの売り上げをずっと立てていたんですけれども、その中でもちろんイタリアのお客様もいて、ドイツのお客様いてでまあ何カ国がいる中でまあ、ドイツのお客さんが一番売り上げがあつたのちよつと高かつたつていうのもあつたのつとご存知かと思うんですけど、日本人がすごく多く住んでいる場所です。ドイツだと一応まあ例え東欧 ヨーロッパとか見た上で、大体真ん中らへんに位置しているつていうのもあるので物流場の法律もいいかなつていうところで。ドイツになつたつていうの背景です。ただ、ほかの国についても、今はやっぱり優先順位としてはもちろん、ドイツ、フランス、イタリア、スペイン、大きい国つていうと、あれなんですけどにの重点的に戦略を絞つて展開していけるつていう状況です。

5. Why did you decide to expand in Germany?

Yuki: We originally set up our company in Germany because we had been exporting products directly from Japan to our customers and making sales for a long time. Of course, we also had Italian customers besides German customers. German customers had the highest sales among the several countries we had customers from. In addition, as you may know, there are a lot of Japanese people living in this area. Germany is in an advantageous location since it is in the middle of Eastern Europe and Europe, so we thought it would be a good place for the

logistics law. That's why we chose Germany. However, for other countries, we can now focus our strategy on Germany, France, Italy, Spain and other large countries in order of priority.

6. 伊藤園はイタリアを緑茶の市場として考えていますか？それで考えている場合はどの戦略で緑茶を広げようと思いますか？

ユーキさん>もちろんイタリアの市場は考えているのもうすでにお客様へのお客様さんというか、お店への配管始まっているので今後伸ばしていくっていうような状況ではあります。エッセルンガのスーパーご存知ですか？もう昨年ぐらいから日本で作ってるペットボトルなんですけど、のお茶が販売されておまして、今後ちょっと現地で作っているこういった紙パックのおいお茶。こういった商品をあの売っていきたいということであのもちろん進めておましていました。最近の話だと日本文化がそこを好きな人とかにアピールして行くのが、ちょっと手っ取り早いっていうのもありました。今は日本のアニメとか漫画とかを好きな方をターゲットにする意味でえっとイタリアだとルッカーという都市コミックマーケットみたいなのが12月かはいやったと思うんです。そういったところに出店して、直接で、お客様とのあの接点を持って、インスタグラムとかをフォローしてもらったりからして、徐々に広めていくような活動もしています。

6. Does ITO EN consider Italy a market for green tea? If so, which strategy do you plan to use to expand green tea?

Yuki: Of course, we are considering the Italian market, and we have already started piping customers, or instead, shops, so we are in a situation where we will expand in the future. Do you know about Esselunga supermarkets? Since last year, they have been selling tea in plastic bottles made in Japan, and in the future, they will start selling tea in paper packets made locally. We are working on selling these products. Recently, it was also thought that appealing to people who like Japanese culture would be a quick way to do this. In Italy, there is a city comic market called Lucca, which was held in December, I think. We have opened a stall at

Lucca and other places similar to this city, made direct contact with customers, and had them follow us on Instagram and so on, so we are gradually spreading the word.

7.ヨーロッパで他に進出したい国はありますか？

ユーキさん>大きいリストリビューターさんがまあそれらの国にはもういるのであのそこを重点的な戦略としているのとあとはやっぱり人口もあの多くて、もろん経済的に裕福である国っていうところを、どうしても高くしまって二第一優先では考えているんですけども。実際に例えばオランダとかと取引は始まっていますし、東の方はあんまりなんかこうチェコとかあの辺に今商談をしているかなぐらいはあるんです。ヨーロッパであの40カできれば広めていきたいってというような大きい目標はもちろんあります。徐々ににはなるかなとは思いますが、考えてます。

7. Are there any other countries in Europe you would like to enter?

Yuki: There are already large distributors in those countries, so that is our priority strategy and countries with large populations and high economic wealth are our second priority. We have started business with the Netherlands, for example, and in the East, we are currently negotiating with the Czech Republic and other countries. Of course, we have a big target of spreading our business in Europe, if we can reach 40 countries. It will be a gradual process, but we are thinking about it.

3.5 Interview's impressions and main points

From the interview, it appears that ITO EN has, from the very beginning, exclusively produced tea without added sugar, thus bringing the company's brand to a key advantage, considering that in several EU countries, but also North America, drinks containing a high amount of sugar are beginning to be taxed. This advantage can make the product attractive to consumers looking for a healthy tea, putting it in competition with other companies that have already been present for a longer time in the various European markets, but which contain a large amount of sugar in their products, as in the case of San Benedetto in Italy, which although part of the Italian market and producing iced tea, contains much more sugar than an ITO EN product.

According to Mr. Yamamoto, the real markets where the company has experienced the most difficulties seem to be North America and Europe. This is mainly due to the fact that there is already a culture of sugar-free tea drinking in Asia and that the European and American markets are similar.

The company recently built a European base in Germany, in Düsseldorf. When asked about the reason for this, Miss Yuki explained the various motives: apart from the fact that there is a large Japanese community in Germany, there are two main reasons. The first is logistics and the second is sales. Germany is in the centre of the EU and is also well connected with the East, but above all, it is the country where more sales have been made than in other countries of the European community. Precisely because of its position when asked which other countries they would like to expand into, in addition to the countries they are currently focusing on, Holland and the Czech Republic were also mentioned, to expand into 40 European countries gradually.

However, the company is looking to expand in the European market, particularly in some EU countries such as France, Spain, Germany and Italy. With respect to the Italian market, ITO EN is concentrating on northern Italy: as the first tetra pack bottles to go on sale in the Italian market and will be available at Esselunga supermarkets. Esselunga is the largest supermarket chain in Italy by sales, and its stores are concentrated in the wealthy northern part of the country.

When asked how they planned to publicise the product and who it was aimed at, they replied that they aimed at Italians who love Japanese culture, particularly those passionate about manga and anime. The company has already started to promote the product by participating in Lucca Comics, a big comics, cosplay and anime event held in Lucca during the winter, where it presented the product through a stand and introduced itself to Italians. Although the company is trying to make itself known through the soft power of manga and anime, this could help make the company known, but only to a small group. It would then be necessary to focus on other product qualities and the company to make itself known in the Italian market. For example, the new tetra pack bottle could be advertised as a healthy and environmentally friendly product, attracting more interest from Italian consumers who care about their health and the environment. Another method to get more publicity would be to use an advertisement on the web or television to increase public interest and curiosity in the new product and reach a more significant number of consumers. It would also be necessary to

focus on the fact that the company is Japanese and that their product is an authentic Japanese product.

Although the company's Global Ambassador is Shohei Ohtani, who is known in Japan and the USA as one of the most powerful baseball players today, the Ambassador is not well known in other European and non-European countries. However, the company plans to appoint a European ambassador in the future.

As was mentioned in the interview with the PR team of ITO EN, overall, there do not seem to be any differences between the two markets. However, there are differences in product packaging and social media usage.

First, the packaging of the ITO EN bottles in the European and American markets differs considerably. The green tea bottle offered in the American market is a 500ml PET bottle while the bottle that will be introduced in the European market will be a 330ml Tetrapack bottle as can be seen in the figures below. In addition, the cap in the bottle that will be sold in Europe will be attached to the bottle, to facilitate recycling and avoid littering. Plus, the PET bottle of 'Oi-Oicha' contains vitamin C while the European one includes antioxidants. However, in both, the percentage of sugar is 0%. This was probably done because ITO EN has been creating sugar-free green tea since the beginning, but also recently in some European countries such as Belgium, France, Hungary, Ireland, Latvia, Monaco, Norway, Portugal, and the United Kingdom. Since 2004 they have been putting taxes on sugar-sweetened beverages (SSB).



Figure 21: Oi Oicha Green Tea in America (Source: ITO EN's official site) <https://itoen.com/products/oi-ocha-green>



Figure 22: Oi- Oicha PET in Europe (Source: ITO EN's European website) <https://www.itoen-europe.com/it/products/>

Even through the packaging and the contents of the bottle, one can see that there is a difference between the European and American markets. In particular, it shows how the company to enter the new European market is developing a sustainable and eco-friendly type of product, to attract more attention to the European customer. While for American customers the packaging of the bottle is in plastic and contains vitamin C.

Nutrition Facts	
Serving size 1 bottle	
Amount per serving	
Calories	5
% Daily Value	
Total Fat 0g	0%
Sodium 75mg	3%
Total Carbohydrate 1g	0%
Total Sugars 0g	
Incl. 0g Added Sugars 0%	
Protein 0g	
Vitamin C 250mg	280%
<small>Not a significant source of saturated fat, trans fat, cholesterol, dietary fiber, vitamin D, calcium, iron, and potassium.</small>	
INGREDIENTS: PURIFIED WATER, GREEN TEA, ASCORBIC ACID (VITAMIN C).	

Figure 23: Oi- Oicha PET Nutrition factors in the USA (Source: Amazon) <https://www.amazon.com/Ocha-Green-Unsweetened-16-9-Ounce/dp/B0017T2MWW>

As for social media, specifically Instagram, we can see that in North America, we have a different kind of feed than the one in Europe. The difference between the two feeds is mainly because they use social media for two reasons. ITO EN has been in the North American market since 2001 and is trying to use the feed to make itself known to young people. While in Europe, the company was only established in April 2024, and the posts focus on making the product known and 'educating' future European consumers about the benefits.

CHAPTER 4. THE ITALIAN MARKET

4.1 The Italian Market

We performed a structural and competitive analysis of the Italian market because, as declared during our interview, ITO EN is interested in expanding “Oi-Oicha” into the “espresso country”. In this chapter we look at the main players currently operating in the Italian market and the steps taken by ITO EN to enter the market to assess whether this strategy could work.

Italy, world-famous for its espresso coffee and coffee in general, was reported by Il Sole 24 Ore on 21 May 2024 to be one of the ten countries that drink the most iced tea, around 453 million litres per year. The average Italian drinks three cups of tea per month.

The Italian tea market is undergoing several changes, the most significant of which are the reduction in sales volumes and the increase in unit value. This is probably due to inflation, which is affecting Italian consumers and Italian tea and coffee producers by raising product processing costs. Furthermore, according to the Business Coot study, Italian consumers, for tea in general, seem more interested in quality than quantity in the product. Consumers are also becoming more interested in green tea, white tea and oolong for their health benefits, which makes the products more diversified in the Italian market.

According to the Business Coot study, the new trends in the Italian market include bubble teas, RTD (ready-to-drink) teas, functional teas, sustainable teas, premium teas, and niche teas.

This chapter will focus mainly on RTD tea in the Italian market.

According to the Business Coot study, the Italian iced tea market is dominated by two main companies that hold 60% of the market, namely San Benedetto and Ferrero. In addition, Coca-Cola's Fuze Tea brand was also established in the Italian market. These companies remain an important stronghold for the Italian market mainly due to the variation of flavours and the creation of products with zero sugar.

4.2 The Italian Competitors

4.2.1 San Benedetto

San Benedetto was founded in 1956 in Sorzè, in the Veneto region, by two families, the Zoppas and the De Polos. The Zoppas held a lower percentage of the company than the De Polos, as they focused more on kitchen appliances. However, with Giuliano De Polo's

untimely death, Enrico Zoppas took over the reins of the company, becoming its president in 2004. In 2006, the family was the total holding of the company.

In an interview with Fortune Italia (Chiariello, 2023), Enrico Zoppas said that when he joined the company in 1971, San Benedetto was still searching for its strategy to establish itself in the Italian beverage market. The chairman admits that the company's success is due to research, technological innovation, and development, as well as the ability to predict market trends and implement them before other competitors.

One of the innovations that helped make it a household name in Italy was transforming the mineral water bottle from glass to plastic in 1984, turning it into a trendsetter. In addition, it was one of the first companies to improve its products and maintain its mission to be sustainable, which has continued since 2009.

In addition to being present in the Italian market and having collaborated with large multinationals such as Coca-Cola, the company is present in 105 other countries, including Spain, Poland, Hungary, and Mexico. During the interview, Enrico Zappas confirmed that although the company is present in markets other than Italy, it manages to run companies abroad and 'integrate them into the system of the country' in question, enabling them to compete with local companies.

The company does not only produce mineral water but has developed over time by creating new products that appeal to more and more people, including RTD iced tea. San Benedetto iced tea is available in supermarkets, bars and vending machines. Among the various products are classic teas and new creations such as matcha or prickly pear tea. The company has also created tea products that can be drunk both as non-alcoholic and alcoholic drinks as can be seen in the Figure underneath.

MOROCCAN TEA SB

Non-alcoholic cocktail with a delicate, fresh and aromatic flavour.

- San Benedetto Indian Black Tea Lemon 125 ml
- Fresh Lime Juice 22.5 ml
- Agave syrup 17 ml
- 2 sprigs of Thyme
- 5 mint leaves

Alcoholic version with Vodka 30ml



Figure 24: San Benedetto's Premium Tea (Source: San Benedetto's Official Site) <https://www.sanbenedetto.it/en/product/san-benedetto-premium-tea>

The company's targets for Italian iced tea consumers are varied. For example, a specific line called 'San Benedetto Baby Tea' has been created for children, which pays attention to children's health (no colouring agents or too many sugars inside) and is practical for families with children. Or so they say for sugars. However, if you look at the product label, you can see that 'carbohydrates of which sugars' are 7% and 19%. The bottle is small and has a press-on cap, and it offers two classic flavours: lemon and peach.

Baby Tea

The unmistakable 0.25L bottle with Pull&Push cap and a fresh, light decaffeinated tea in mineral water. A perfect combination, to ensure your baby receives all the attention and care it deserves.

Lemon

Peach



Figure 25: San Benedetto's Baby Tea Line (Source : San Benedetto's Official site) <https://www.sanbenedetto.it/en/product/san-benedetto-baby-tea>



Figure 26: San Benedetto's Baby Tea line Nutritional Facts (Source: Everli) <https://it.everli.com/it/p/prodotti/7085-baby-the-limone-025-l>

San Benedetto has also focused on health-conscious consumers by creating the Tea Zero line, which contains neither calories nor sugar. It comes in the company's two classic flavours (lemon and peach) but in different packaging. There are different bottles in this line, one of one and a half litre (suitable for those who want to consume it at home) or 0.50 litre (for those who want to consume it outside the home) and there is also a 0.33-litre version in a tin. However, as you can see, in the label although it says no sugar, there is a smaller but still present amount of 0.2 grams.

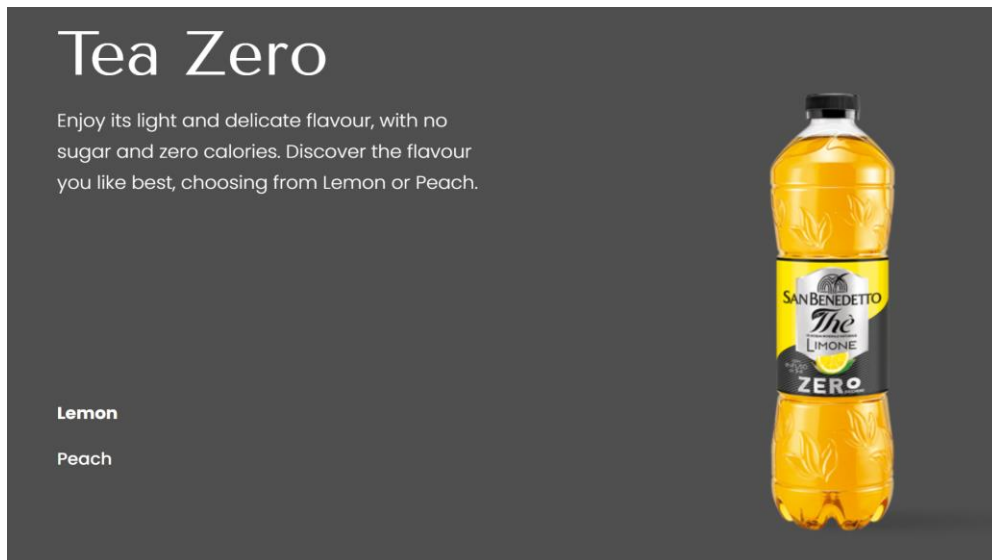


Figure 27: San Benedetto's Tea Zero Line (Source: San Benedetto's Official Site) <https://www.sanbenedetto.it/en/product/san-benedetto-tea-zero>



Figure 28: San Benedetto's Tea Zero Nutritional Factors (Source: Carrefour Official site) <https://www.carrefour.it/p/san-benedetto-the-pesca-zero-15-l/8001620005330.html>

For health-conscious consumers interested in new flavours, San Benedetto has created a new line called 'Le Specialità'. These are innovative flavours that come in different formats, such as matcha tea and prickly pear. They were probably created to arouse the curiosity of the Italian consumer and to offer a wider range to the customer. 'Le Specialità' line, the 0.40 l bottle or the one-and-a-half litre bottle are available; as for the matcha tea product, the zero sugar and calorie version is also available. However, when one goes to look at the label of this product, one notices that, although there are no sugars, 'sweetened with sweeteners' is specified in bold type.

Le Specialità

The new San Benedetto Le Specialità Teas transport you to a world of refined and authentic flavours. Selected tea leaves infused in our natural mineral water offer an exotic and fresh taste experience with every sip.

Enjoy the new frontier of tea wherever you are with the handy 0.40L PET on-the-go format, or enjoy it with friends in the 1.5L PET family format.

Prickly Pear offers an intense sweet flavour, enriched with fresh tropical notes.

Matcha Green Tea offers an aromatically deep experience, extracted from selected, delicate leaves, dried at a low temperature. Also available in a Zero version.



Green Matcha

Green Matcha Zero

Prickly pear

0,4L

Figure 29: San Benedetto's "Le Specialità" Line (Source: San Benedetto's Official Site)
<https://www.sanbenedetto.it/en/product/san-benedetto-tea-le-specialita>



Figure 30: San Benedetto's "Le Specialità" Zero Line(Source: Carrefour Official Site) <https://www.carrefour.it/p/san-benedetto-the-le-specialita-verde-matcha-zero-0401/8001620024096.html>

The 'Premium Tea' line was created for those looking for a high-quality product with a refined taste. Unlike the other lines created by San Benedetto, it is bottled in glass, and premium tea infusions are used to make various flavours. In addition to the classic peach and lemon flavours, matcha is also available.

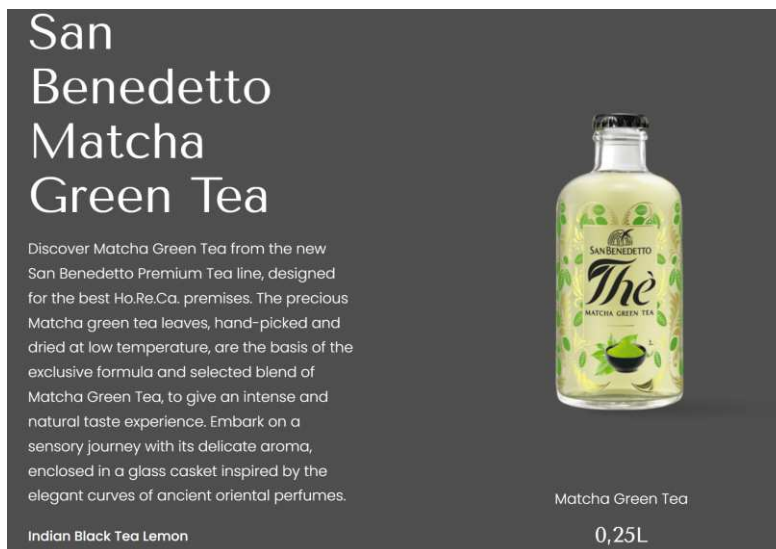


Figure 31: San Benedetto's Premium Matcha Green Tea (Source: San Benedetto's Official website) <https://www.sanbenedetto.it/en/product/san-benedetto-premium-tea>

4.2.2 Ferrero

Ferrero, started as a Piedmontese confectionery company and then, in 1946, after the Second World War rapidly became one of the largest food processing and manufacturing companies in Italy. At the helm of the company were Piero Ferrero and Giovanni Ferrero, two brothers, who with great dedication created the company we know today. Piero Ferrero was in search of innovation and experimented, while Giovanni was the ‘commercial genius’ of the family, and managed to create a national distribution network that in the future also helped to sell abroad. However, Giovanni Ferrero died in 1949, and Piero Ferrero passed the management of the industry to his son Michele. Today, the Ferrero company is the owner of world-famous brands such as Kinder, Nutella, and Ferrero Rocher.

In 1972, it was Michele Ferrero who created the company's first iced tea product, lemon Estathè. In 1994, peach Estathè was created. These first two products are convenient for two reasons: they are small (so easily transportable) and have a straw (so you don't have to drink it in a glass). In 2022 (Soressi, 2023 Sole 24 Ore) the company adopted recycled plastic for the packaging of the iced tea drinks.

Currently, the following Estathè products are available in the Italian market: Classic, Zero, Green Tea, Deteinato (Decaffeinated Tea) and Ice (the new product with Ice Cream). Estathè products are available in supermarkets, bars and online. The company targets a very diverse audience, as can be guessed from the various categories created, yet it is a product that is consumed especially during the summer. This is because the company tends to develop marketing campaigns through social platforms and TV advertising. In the summer of 2024, for

example, the company launched a new campaign starring Annalisa, a singer who is very popular with young people. The singer then continued to advertise the Estathè product on her social media to give the product more visibility.

The classic peach and lemon products, target families with children. The product is available in different sizes and various formats. PET is available in the following sizes: 33 cl, 40 cl and 1.5 litres. While the classic format we see in the picture below is 20 cl, and they have changed their packaging to make it more environmentally friendly: the straw, for example, is no longer plastic but paper. Finally, we have a 25cl glass bottle and a 33cl can format. Although the company has made these changes, it can be seen on the product label that most of the nutritional values are due to the added sugar (8,9 grams per 100ml and 17,8 grams per 200 ml portion)

 **Estathé
Bicchiere 20 cl
Limone**

Estathé: l'unico vero infuso di foglie di The sul mercato. Offri il gusto unico ed inimitabile di Estathé nel mitico bicchierino: formato unico, «icona», ideale per la pausa.



Figure 32: Ferrero's Estathé Glass 20 cl Lemon (Source: Ferrero Food Service Site)

<https://www.ferrerofoodservice.com/it/it/prodotti/estathe/estathe-bicchiere-20-cl-limone>

Estathé Bicchiere 20 cl Limone
Valori Nutrizionali

Valori Medi per 100ml		Valori Medi per porzione (200 ml)	
Energia	153 KJ / 36 kcal	Energia	305 KJ / 72 kcal
Grassi	0 g	Grassi	0 g
di cui acidi grassi saturi	0 g	di cui acidi grassi saturi	0 g
Carboidrati	8,9 g	Carboidrati	17,8 g
di cui zuccheri	8,9 g	di cui zuccheri	17,8 g
Proteine	0 g	Proteine	0 g
Sale	0 g	Sale	0 g

Figure 33: Ferrero's Estathé Glass 20 cl Lemon Nutritional Factors (Source: Ferrero Food Service Site)

<https://www.ferrerofoodservice.com/it/it/prodotti/estathe/estathe-bicchiere-20-cl-limone>

The Estathé zero is aimed at people who want to be healthy while still being able to drink iced tea. The product is available in different sizes: 20cl, 33cl, 40cl, and 1.5 litres. However, there is always an amount of sugar in the product, as can be seen in the figure below (for 100 ml 0.4 grams and for 200 ml 0.8 grams).

Estathé Bottiglia PET 40 cl Pesca Zero

Estathé: l'unico vero infuso di foglie di The sul mercato. Offri il gusto unico ed inimitabile di Estathé nel formato Bottiglietta: richiudibile, ideale per il consumo on the go. Disponibile anche in versione "ZERO"; tutto il piacere di Estathé con zero zuccheri!



D698 - T0,4X12

Figure 34: Ferrero's Estathé PET bottle 40 cl Peach Zero (Source: Ferrero Food Service Site)

<https://www.ferrerofoodservice.com/it/it/prodotti/estathe/estathe-bottiglia-pet-40-cl-pesca-zero>

Estathé Bottiglia PET 40 cl Pesca Zero
Valori Nutrizionali

Valori Medi per 100ml		Valori Medi per porzione (200 ml)	
Energia	9 KJ / 2 kcal	Energia	19 KJ / 5 kcal
Grassi	0 g	Grassi	0 g
di cui acidi grassi saturi	0 g	di cui acidi grassi saturi	0 g
Carboidrati	1,4 g	Carboidrati	2,8 g
di cui zuccheri	0,4 g	di cui zuccheri	0,8 g
Proteine	0 g	Proteine	0 g
Sale	0 g	Sale	0 g

Figure 35: Ferrero's Estathé PET bottle 40 cl Peach Zero Nutritional Factors (Source: Ferrero Food Service Site)

<https://www.ferrerofoodservice.com/it/it/prodotti/estathe/estathe-bottiglia-pet-40-cl-pesca-zero>

Estathè green tea is said to have been created for people who love green tea and appreciate its beneficial properties (e.g., the presence of antioxidants). This product is only available in PET format but has two different sizes: 400 ml and 1.5 litre; as can be seen in the pictures below, in the nutritional values, there are 7.7 grams of sugar in 100 ml of the product.



Figure 36: Ferrero's Estathè Green 40 cl. (Source: Estathè website)

https://www.estathe.it/prodotti/verde?gclid=CjwKCAiA8Lu9BhA8EiwAag16byWKG1VB13Ri4JWF1LBIjuxczezuG7j0LT0TWvy42fG_7coKnAiBoCgzcQAvD_BwE



Figure 37: Ferrero's Estathé Green 40 cl. Nutritional Factors (Source: Unes) <https://www.spesaonline.unes.it/u2/Acqua%2C-bibite-e-succhi/Bibite/Te/Estath%C3%A9-the-Verde-400-ml/p/75053>

Estathé Deteinato is a new product created primarily for children that does not contain theine. It is available in different sizes: a 20 cl Ferrero glass bottle, a 250 ml bottle with a push-up cap, and a 1.5 litre PET bottle.

If we take the 250 ml bottle with the push-up cap as an example, which comes in different flavours, including the classics (peach and lemon) and chamomile, we can see that although there are no colouring agents, as can be seen on the label below, there is an exaggerated amount of sugar (19.8 grams in a 250 ml bottle).



Figure 38: Ferrero's Estathé Deiteinate 250ml. (Source: Estathé website)

https://www.estathe.it/prodotti/deteinato?_gl=1*9xltu3*_up*MQ..*_gs*MQ..&gclid=CjwKCAiA8Lu9BhA8EiwAag16byWKU-G1VB13Ri4JWF1LB1juxcxezuG7j0LT0TWvy42fG_7coKnAiBoCgzcQAvD_BwE&gclsrc=aw.ds



Figure 39: Ferrero's Estathé Deiteinate 250ml. Nutritional Factors (Source: Pam Panorama website)

<https://pamacasa.pampanorama.it/spesa-consegna-domicilio/00144/prodotto/-estathe-deteinato-camomilla-1383967>

4.2.3 Conclusion

ITO EN's main competitors in Italy are two well-known brands: Ferrero and San Benedetto. However, irregularities have been found in both brands: although some products are sugar-free or presented in classic flavours, their composition still includes a high presence of sugar. This is not found in ITO EN's products. ITO EN's product is intended for a different market than the two Italian giants San Benedetto and Ferrero.

ITO EN has created a high-quality product with eco-friendly packaging, so it is obvious that the price of the product will be higher. The product is aimed at consumers who appreciate and understand the quality of the product and its health benefits compared to its competitors. The Japanese company, in fact, wants to focus on the niche market and position itself with its product as premium.

San Benedetto as well as Ferrero, on the other hand, are concentrating mainly on the mass market and to please all Italians.

4.3 ITO EN's proposed strategy and positioning

As we have seen in Chapter 2, in terms of marketing ITO EN's European strategy differs substantially from the approach taken in Asia and America. Rather than focusing on testimonials linked to baseball, ITO EN is building its image as a premium brand strongly linked with Japan. Customers think of green tea as a typical Japanese beverage and Japanese food and drinks are perceived as healthy, quality choices, albeit expensive concerning alternatives. These characteristics are perfect for a drive into the Italian market as a brand offering premium green tea bottled products, representing the ideal choice for consumers looking for the best quality and ready to pay higher prices. In this respect, ITO EN would not compete with any of the current brands but rather fill a gap as the go-to name for premium RTD bottled green tea. We think that all the elements for a successful position are there, especially if confronted with the competition. The only issue might be finding a suitable partner for the distribution of products, but ITO EN appears to have found the perfect solution: Esselunga.

4.4 Distribution strategy: partnership with Esselunga

Italian GDP is produced mainly in Northern Italy, with Lombardy accounting for more than 22% of the national GDP in 2022 (€422 billion): Lombardy would represent the 10th largest country in the European Union in terms of GDP. The wealthiest part of Italy in terms of per

capita income is again the North, with the highest level of income recorded in the Trentino, Lombardy and Veneto regions. Contrary to other large European markets, the Italian food retail market is quite fragmented, with brands such as Esselunga, Carrefour, COOP, CONAD and SELEX competing against discount chains such as LIDL and MD to sell food and beverages to Italian consumers. According to Nielsen (<https://www.economyup.it/retail/gdo-che-cose-e-come-funziona-il-sistema-della-grande-distribuzione-organizzata/> 2022), Italian supermarket turnover in 2022 surpassed €150 billion, with CONAD leading the pack obtaining a market share of 15.0%, followed by SELEX (14.3%), COOP (12.0%), Esselunga (7.8%) and the others. Most of these brands do not have a nationwide network, reflecting very specific links with local supply chains and strategic choices by the management. Privately-owned Esselunga, for example, is present only in Northern Italy, with very few stores present in other parts of the country. According to sector studies (<https://www.freshplaza.it/article/9494465/classifica-della-gdo-esselunga-sempre-in-testa/>) Esselunga is also the supermarket chain with the best reputation among retailers and the best overall rating computed considering growth, services to the customers, sustainability, private labels and innovation. In short, if not the largest supermarket group in Italy, Esselunga is certainly among the most important players in the wealthy North and one of the groups with the highest perceived quality of service. Hence, ITO EN's choice of partnering with Esselunga is consistent in presenting its products as premium RTD offerings for wealthy Italian customers looking for the best green tea on the market. Given these premises, ITO EN has likely made the right partner choice.

4.5 Chapter 4 Conclusions

After considering all these elements, ITO EN's decision to enter the Italian market looks to be based on sound strategic reasoning and planning. The Japanese producer is choosing a premium brand positioning, which matches the choice of a distribution partner leader in the part of Italy with higher disposable income and more inclined to go for quality, made-in-Japan RTD green tea. This decision won't put it in direct competition with San Benedetto, which is more of a household name but is not perceived as a top-tier brand. Ferrero Estathè is more of a seasonal, mass product, whereas Fuze Tea's penetration and customer acceptance have to be monitored carefully. Hence, ITO EN is likely to have paved the way for a successful entry into the Italian green tea market. This conclusion is supported by the results of our survey, presented in the next chapter.

CHAPTER 5. Research on the Italian consumers' profile and their impressions of matcha

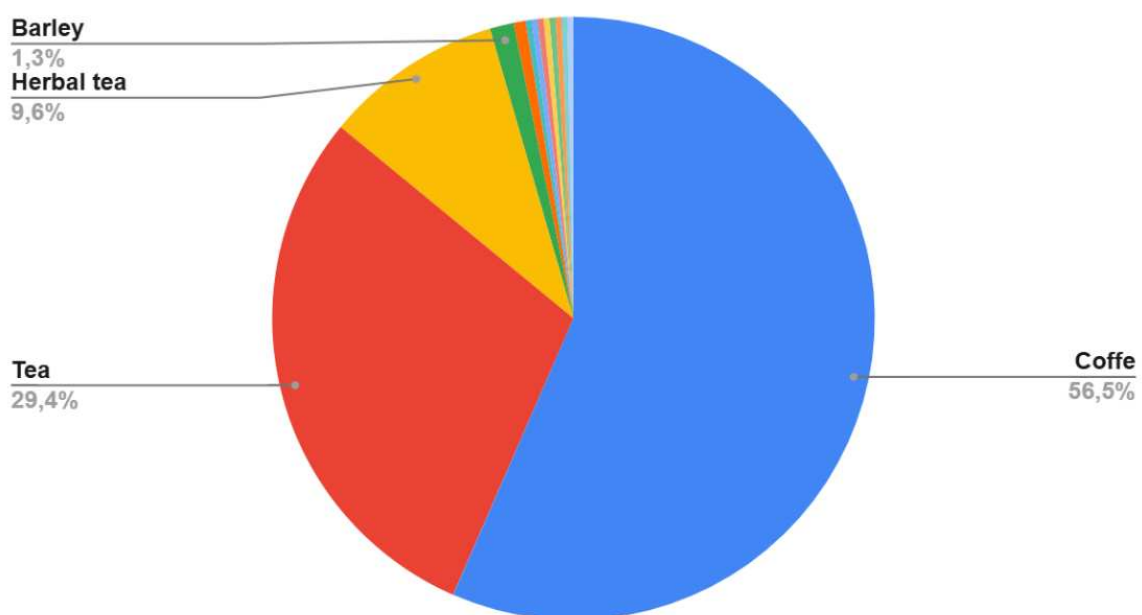
The Italian tea market has been diversifying lately. For this reason, it was decided to conduct further research to understand if there was this diversification among Italian consumers. To this end, a survey and a focus group were carried out to better understand Italians' tastes and assess the Italian public's interest in the ITO EN product.

5.1 The Survey

The survey, conducted in Italian to obtain responses from Italian consumers, started on 20 November 2024 and ended on 5 December 2024, with a total of 313 responses. The answers could be biased.

As can also be seen from the graph below, 56% usually drink coffee, 29% drink tea, 9% herbal tea, and 1.3% Barley. The coffee respondents were mainly 18–24-year-olds and 25-34-year-olds. When asked if they ever tried to replace coffee with tea, more than half of the people aged 18-24 years did not try to replace it, while people aged 25-34 years half tried to replace coffee with tea. It was noted that more people between the ages of 35-44 tried to replace coffee with tea, while more than half of those aged 45 and over never tried to replace coffee with tea.

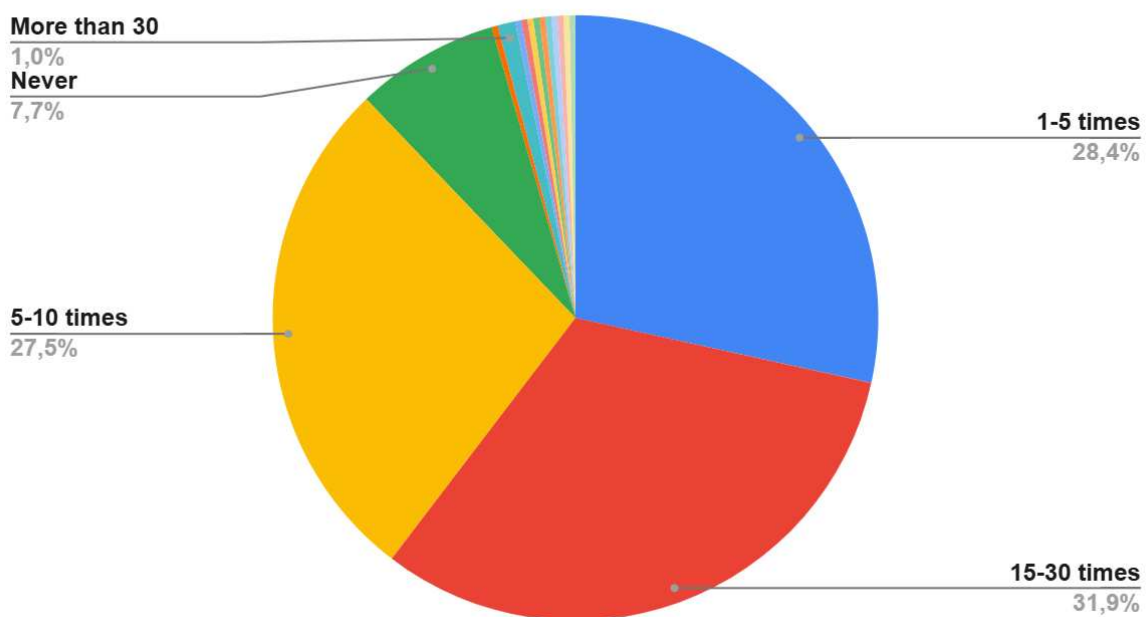
Which beverage do you usually drink?



When asked why they decided to replace coffee with tea, the answers varied. The most frequent answers were for health reasons, the varied taste compared to coffee, variety, and not to drink too many cups of coffee. In some cases, it was also said that coffee made one nervous and was bad for oral hygiene.

Of the respondents, the majority indicated tea as their favourite beverage, particularly 18–24-year-olds, followed by 25-34-year-olds. As for herbal teas, on the other hand, more than half of the 35-44-year-olds chose this option.

How many times do you drink tea in a month?



Survey participants were asked to indicate how often they drink tea per month, as can be seen in the graph above. 31.9 per cent drink tea between 15 and 30 times per month, 27.5 per cent between 5 and 10 times, 28.4 per cent between 1 and 5 times, 7.7 per cent never drink tea, and 1 per cent more than 30 times.

People who answered that they never drink tea in a month correspond to 14% of those who chose coffee. This shows that 86% of the people who decided on coffee still drink tea during the month. The people who drink both coffee and tea's results are as follows: first, you have 1-5 times, then 10-15 times and finally 15-30 times.

Of those who chose tea as their drink of choice, more than half chose between 15 and 30 times per month. Between 5 and 10 times a month ranks second, followed by those who drink tea more than 30 times a month and last by those who drink it 1 to 5 times a month.

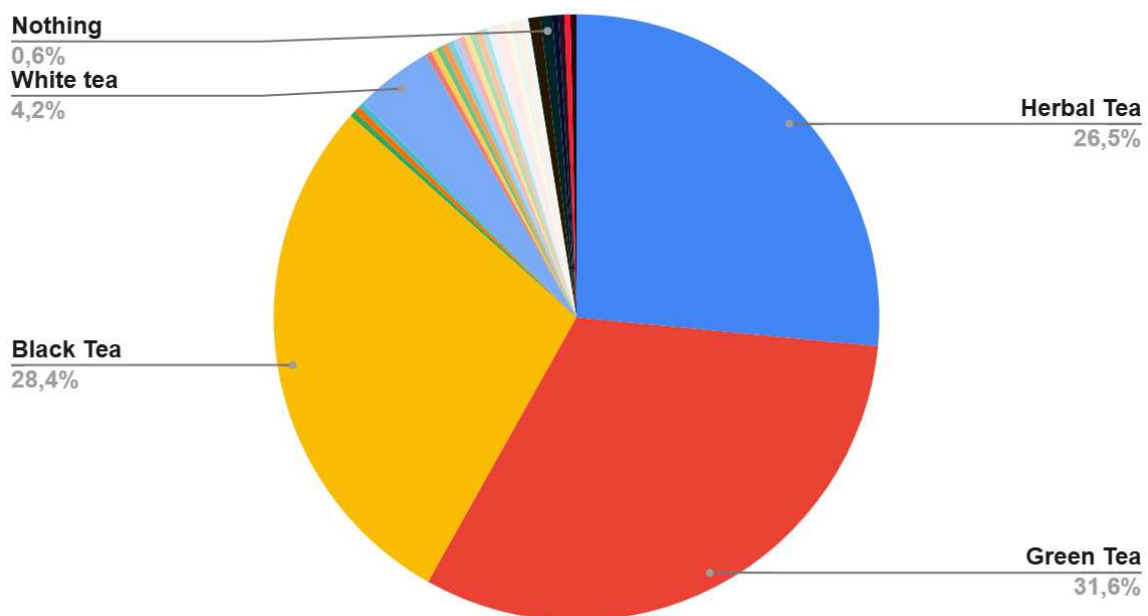
For those who chose herbal teas as their drink, it was noted that tea was drunk with the same frequency (1-5 times, 5-10 times or 15-30 times per month) when it was chosen as a drink. Few people drink tea more than 30 times a month.

On the other hand, it was noted that half of the people who drink barley do not drink tea and the other half drink tea between 5-10 times or 1-5 times per month. In contrast, those who drink fruit juice drink it between 1-5 times and those who drink water between 5-10 times.

In addition, respondents were asked in which period they drank tea most. The result was that tea is drunk most in Italy in Winter and Autumn.

When it comes to the type of tea they drink, the pie chart below shows that green tea is the most popular, followed by herbal tea, black tea, and white tea.

Which kind of tea do you usually drink?



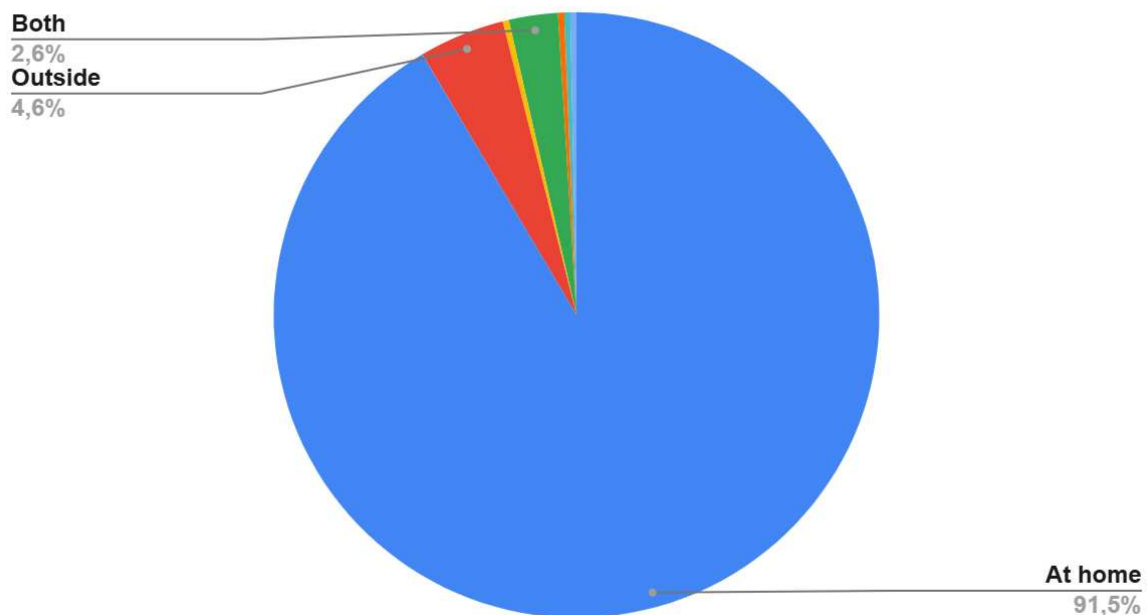
Among 18–24-year-olds, black tea received the most votes, followed by fruity tea and green tea. In the 25-34 age group, black tea and green tea were tied followed by fruity tea and white tea respectively. Between the ages of 35-44, the preference went for green tea followed by fruity tea, black tea and white tea. In the 45 to 54 age group, on the other hand, green tea was

the preferred choice, followed by fruity tea, then black tea and finally white tea. For those aged between 55 and 64, green tea was the most popular choice, followed by fruity tea, black tea and then white tea. Those aged 65 and over chose iced tea as their favourite, followed by green tea and then fruity tea.

For those who chose tea at the beginning, the preference seems to fall on fruity tea followed closely by black and green tea. Among those who decided tea from the beginning, green tea seems to be the most popular, followed by black tea and fruity teas. For those who had chosen herbal teas as their favourite drink, if they had to choose a tea, most of them would respond with fruity tea, followed by green tea and black tea. Those who had chosen barley or other drinks, on the other hand, seemed to have a preference for fruity teas, followed by green tea and white tea.

In the survey on the Italian tea market, Italians were asked where they preferred to drink tea. According to the survey results, 91,5% of Italians prefer to drink tea at home, while 4,6% would prefer to drink tea outside, and 2,6% would drink it in both places.

When you imagine drinking tea you drink it:



The respondents who drink at home are representative of all age groups in the questionnaire. As far as drinking tea outside is concerned, however, the most represented category is people aged 55-64, followed by people aged 25-34 and, finally, people aged 45-54. As for people who

chose both options, the highest number were 18-24 years old, followed closely by the 25-34 and 55-64 age groups.

The study found that although coffee remains a favourite choice of Italians, a proportion of coffee drinkers are aware of its negative effects on health and have tried to stop drinking it, opting for other alternatives. Most people drink coffee only 14% drink nothing else. It was also noted that 86% of the people who chose coffee as an option also drink tea.

Tea is the second choice as a beverage in Italy. When Italians were asked at what time of year they drank tea, the answer that emerged was during the autumn and winter months, and that the majority of customers drink tea at home.

It was also noted that there is a difference in tastes, as far as tea is concerned, according to different age groups. For example, Italian consumers between 18 and 24 years of age would seem to prefer black tea, while for consumers between 25 and 34 years of age, green tea and black tea would be equal. While the age groups of 35-44 years, 45-54 years and finally 55-64 years would choose green tea or fruity tea as a second option.

It also emerged that for those who chose coffee at the beginning, fruity tea would be their favourite option. While those who chose tea from the beginning would choose green tea. For those who would have chosen herbal teas the preferred tea would be fruity and also for those who chose barley and other drinks as an option at the beginning.

5.2 The Focus Group

To further investigate the results obtained, a focus group interview of 10 people (of different age ranges) was conducted to understand the Italians' views on green tea products offered by San Benedetto and by ITO EN.

5.2.1 Participants selection

The choice of these 10 people was made to represent well the age difference and to understand if the results obtained in the survey also matched the focus group, as well as to collect more data on the Italians' taste and what they thought about the ITO EN product. All focus group participants were selected also because they were mainly coffee drinkers.

5.2.2 Structure and Methodology

The focus group was structured to have an open discussion, to assess the product differences between San Benedetto and Oi Oicha, as well as for the candidates to express their opinions on

the subject. I actively participated in this focus group by acting as moderator to ensure that important topics were discussed, while spontaneous responses were received from the candidates.

The discussion focused on which option the candidate had chosen to drink and the reason for the choice, whether they knew the company ITO EN and their product, a comparison of the packaging and nutrition labels of the two products, and which one they would choose, what the company could do to improve the product, what ITO EN would have to do to enter the Italian market (advertising etc.).

The subjects were: 3 people aged 18-24, 2 people aged 25-34, 1 person aged 35-40, 2 people aged 45-54, 1 person aged 55-64, and 1 person over 64,

5.2.3 Results

Candidates knew nothing about the company ITO EN and did not follow its social media accounts. The focus group revealed that half of the participants chose the company ITOEN, explaining that the decision was due to a new and non-traditional taste. While the other half preferred San Benedetto, explaining that it is the iced tea flavour they are most used to.

After choosing the drink, blindly, they were shown the packaging and made a comparison between the two labels. All candidates agreed that if it were a health choice, they would choose the ITO EN product as it contains less sugar than the San Benedetto product.

As for the packaging, the majority would choose the ITO EN company's product as it is eco-friendly and attractive with its Japanese writing. However, it was pointed out by the minority that the graphics of ITO EN's product and too much writing in different languages make it confusing and lose its appeal.

On the other hand, for the San Benedetto packaging, it was said that the colour of the bottle green is to give the idea that it is green tea even though it is not. Looking at the labels, it was noted that most of the ingredients in the product were sugar.

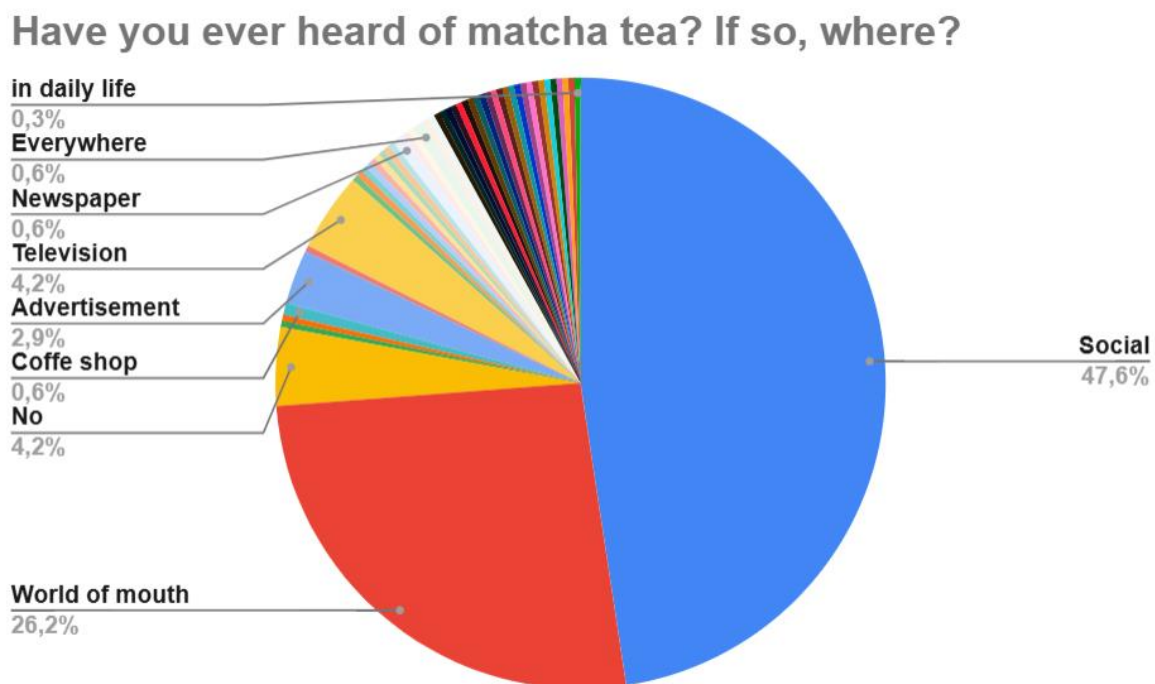
When candidates were asked what was needed to improve ITO EN's product, most answered taste as it would seem to come later than San Benedetto's product.

Then the candidates were asked how ITO EN's product could enter Italian homes and what advertising they could use, the answers varied. According to some of those interviewed, a stand would be needed in the supermarkets, where the product is sold, to initially offer people a taste

of the product, and then explain the history of the company and the product; this would serve to make the product known to a larger segment of the market.

For advertising, on the other hand, different ideas were given. Some would focus on the fact that it is healthy and an authentic Japanese product, or an advertisement on an Italian who visits Japan and finds the same bottle of green tea in Italy, others on how the tea is cultivated and the various processes that are carried out to create the product. In addition to this type of advertising, according to some candidates, it would be necessary to focus on family-based advertising to entice Italians to take it or through advertisements that have to do with sports (football, tennis, etc.).

5.3 Italians and Matcha Green Tea



The main channels through which Italians heard about matcha were mainly social media (47.6%), word of mouth (26.2%), television (4.2%) and advertising (2.9%). While the number of people who did not know what it was before this survey was 4.2%, this included the over 64s, the 55-64 age group, and the 45-54 age group.

More than half of the 18 to 24-year-olds said that they heard about matcha through social media, followed by passwords, television, advertisements and then finally newspapers. Half of the people between 25 and 34 answered that they learned about matcha through social media, then followed by word of mouth, TV and advertising.

Half of those aged 45–54-year-olds heard about matcha through word of mouth and then followed by social media, although a portion of this age group had never heard of matcha before the survey.

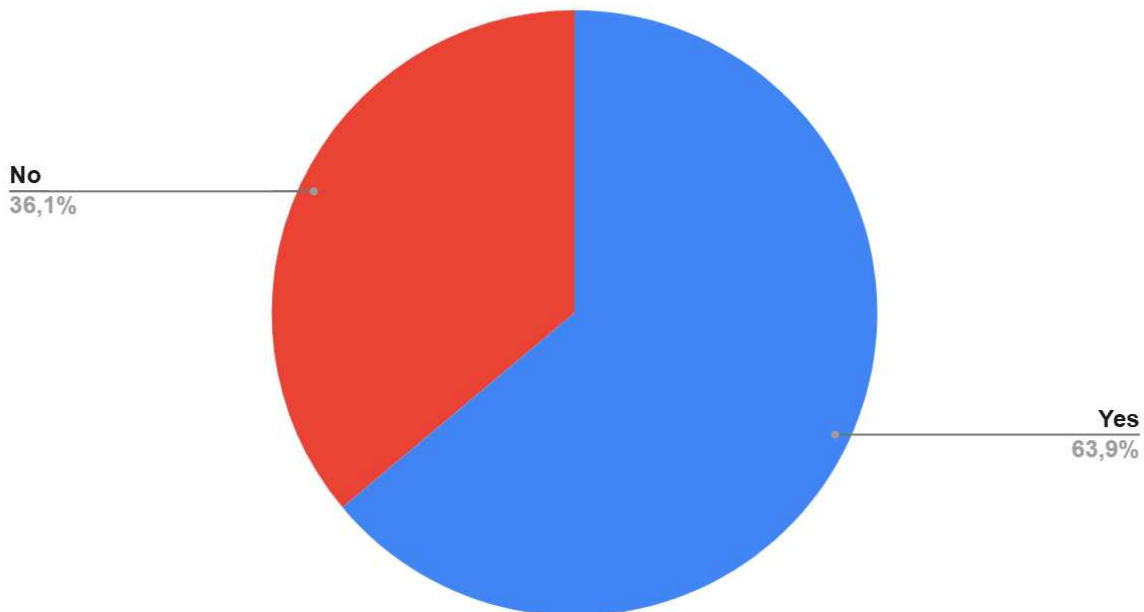
The majority of the 55-64 age group heard about Matcha through word of mouth, followed by social, advertising and TV. A part of this group had never heard of it.

The over 64s were not aware of the product.

As the Figure below shows, 63.9% of Italians have tried matcha, while 36.1% have never tried it.

More than half of the 18- to 24- and 25- to 34-year-old age groups have drunk matcha, while more than half of the 35- to 44-year-olds have not. Half of the 45- to 54-year-old age group have not drunk matcha, and the same would be true for the 55- to 64-year-old age group since they have the same result.

Did you ever try Matcha?



However, when asked to imagine what matcha is like and to choose one of the following options: Option 1 (the black bowl with matcha) and Option 2 (normal image of tea)



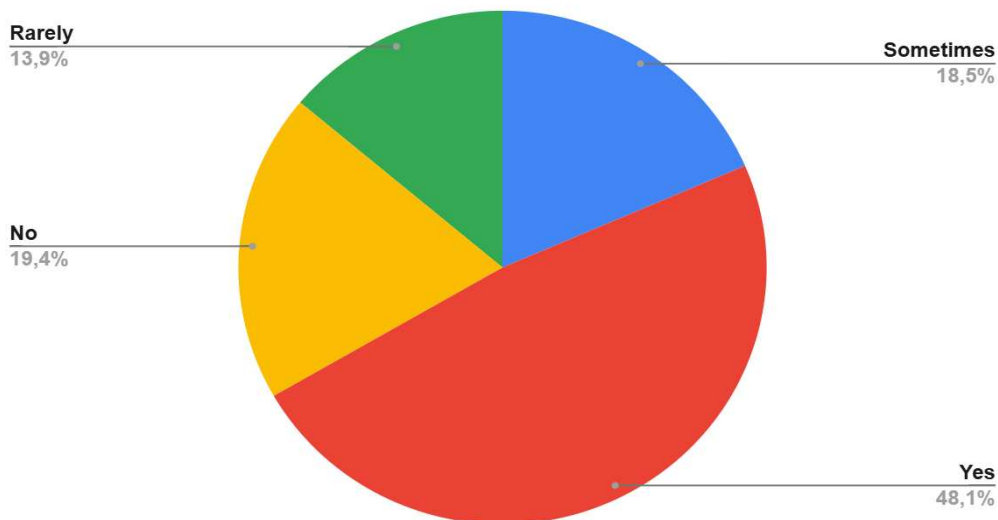
Figure 40: Matcha tea in a black bowl (Source: Google Images) Figure 41: Image of Tea (Source: Google Images)

The survey showed that, in particular, people between the ages of 45 and 54 and between the ages of 55 and 64 associated the image of matcha with option 2 instead of option 1.

This helped us to realize that perhaps even those who think they know matcha may not recognize the authentic product.

When Italians were asked whether they had continued to drink matcha after the first taste, (as can also be seen in the figure below), it turned out that 48.1% continued to drink it, while 19.4% no longer drank it. 18.5% drank it sometimes, while 13.9% rarely drank it.

After the first time, did you continue to drink it?



The age group of 18 to 24 years would be the one in which half of the consumers drink matcha. This is followed by those who drink it sometimes, those who do not drink matcha, and those who rarely drink matcha.

For the 25-34 age group, on the other hand, it would result in half of the participants drinking matcha tea, followed by those who rarely drink it, then those who do not drink matcha, and finally those who drink it sometimes.

For survey participants aged between 35 and 44, it would appear that more than half drink matcha, followed by those who rarely drink it and those who have not drunk matcha since their first taste.

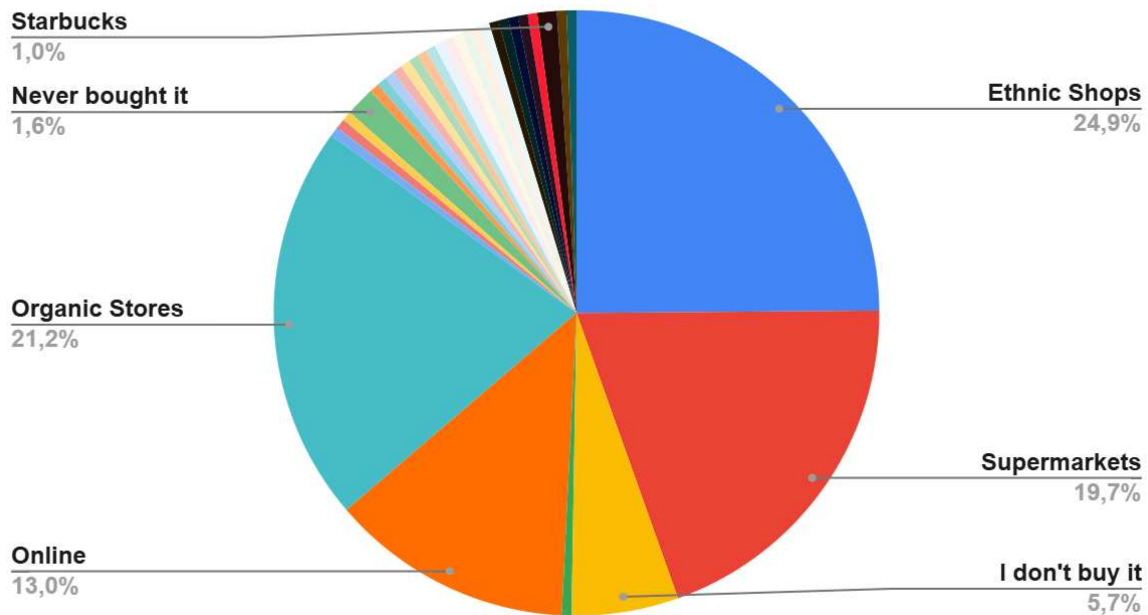
On the other hand, in the 45-54 age group, it would appear that half of the people who drink matcha continue to drink it after their first taste, followed by those who no longer drink it, those who drink it sometimes, and finally, those who drink it rarely.

As for the 55-64 age group, it would appear that half of them drink matcha tea, followed by those who drink it sometimes, then those who drink matcha sometimes, and finally those who drink it rarely.

While for the over 64s, it would appear that most have never drunk matcha.

When Italians were asked where they would buy matcha, the answers varied. As can be seen from the figure below, the majority of Italians (24.9%) would buy it in ethnic shops, (21.9%) would buy it in organic shops, followed by supermarkets (19.7%), and then online (13.0%). However, 5.7% of Italians seem not to buy matcha and 1.6% have never bought it. Only 1% would buy it in the Starbucks chain.

Where do you usually buy matcha tea?



For the 18-24 age group, responses varied. However, the first choice would seem to be buying the product at ethnic shops, then followed by the supermarket and buying online, and finally, organic shops and Starbucks. Responses were given about buying matcha in specialised places or receiving it as a gift from friends.

For the 25-34 age group, answers were also varied, but the choice that received the most votes was ethnic shops. In second place was the supermarket, followed by online shopping and organic shops.

For respondents in the 35-44 age group, the choices with the most votes were ethnic shops, organic shops and online.

Between the ages of 45 and 54, on the other hand, the choice would fall on supermarkets, followed closely by ethnic and organic shops and finally online.

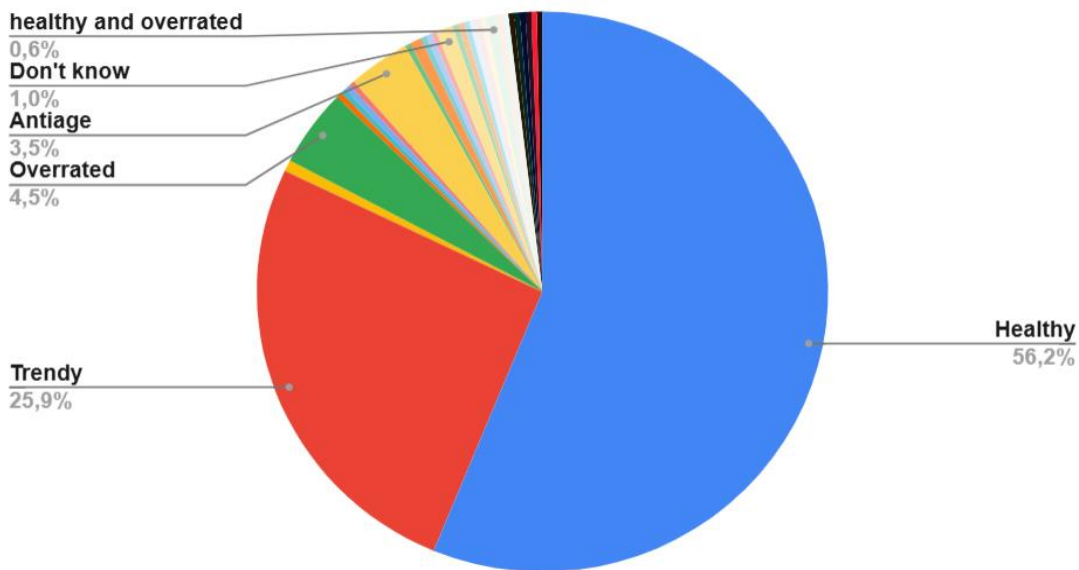
People between the ages of 55 and 64 buy matcha tea in organic shops as their first choice, followed by supermarkets, ethnic shops and finally online.

On the other hand, those who do not buy matcha would appear to be all age groups, with a clear predominance of those over 64, followed by the 55-64 age group, then the 35-44 age group, the 25-34 age group, and finally the 18-24 age group.

Those who are reported to have never bought matcha are the following age groups: 45 to 54 years, 25 to 34 years and 18 to 24 years.

Italians were asked what impressions they had of matcha. The answer, which can be seen in the image below, is that it is a healthy drink for 56.2% of the respondents and that it is in vogue with 25.9%. Finally, Italians think it is an overrated drink with 4.5%, and another part answered that it is an anti-ageing drink with 3.5%.

You think matcha tea is a drink:



For the 18 to 24 age group, matcha is considered a healthy drink, closely followed by fashionable, overrated, anti-ageing and a minority who believe it is overrated and healthy.

Whereas for the 25-34 age group, it is considered a health drink, followed by fashionable, overrated and anti-age.

Whereas between the ages of 35 and 44, it is considered a healthy, fashionable and anti-ageing drink.

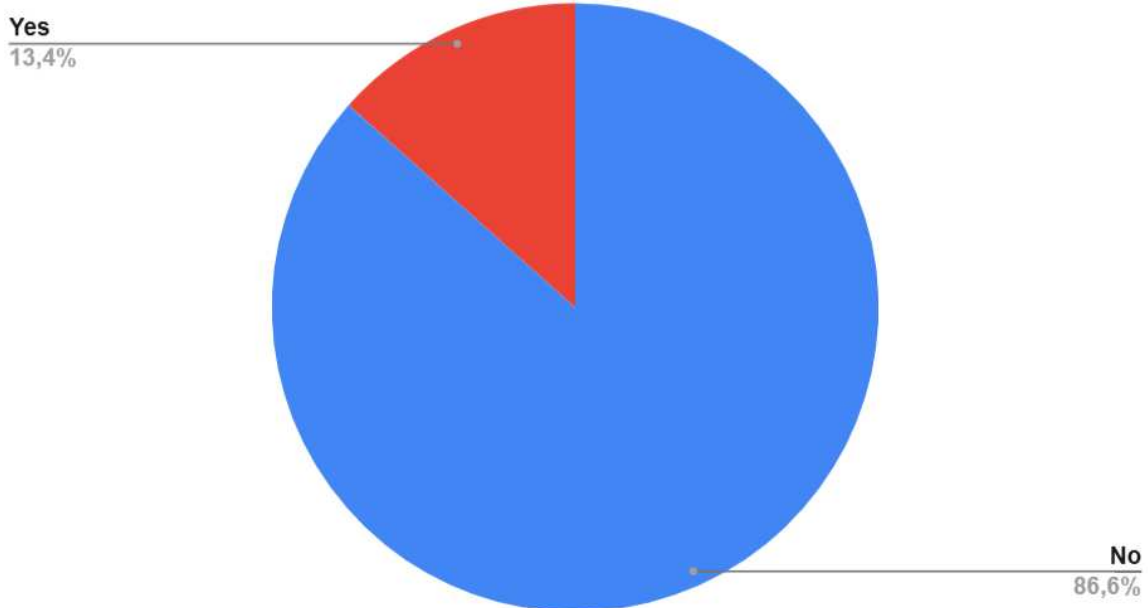
Among the 45-54 age group, more than half consider it a healthy drink. Next comes a fashionable, overrated and anti-ageing drink.

In the 55 to 64 age group, it would be a healthy and fashionable drink for most respondents. Next, in equal numbers, overrated and anti-ageing.

As for the people who do not know what to think about matcha tea, they are mainly a minority in the following age groups: Over 64, between 55 and 64 years old, and between 45 and 54 years old.

As can be seen from the figure below, among Italians, only 13.4% would have bought bottled matcha, while 86.6% would not have bought it.

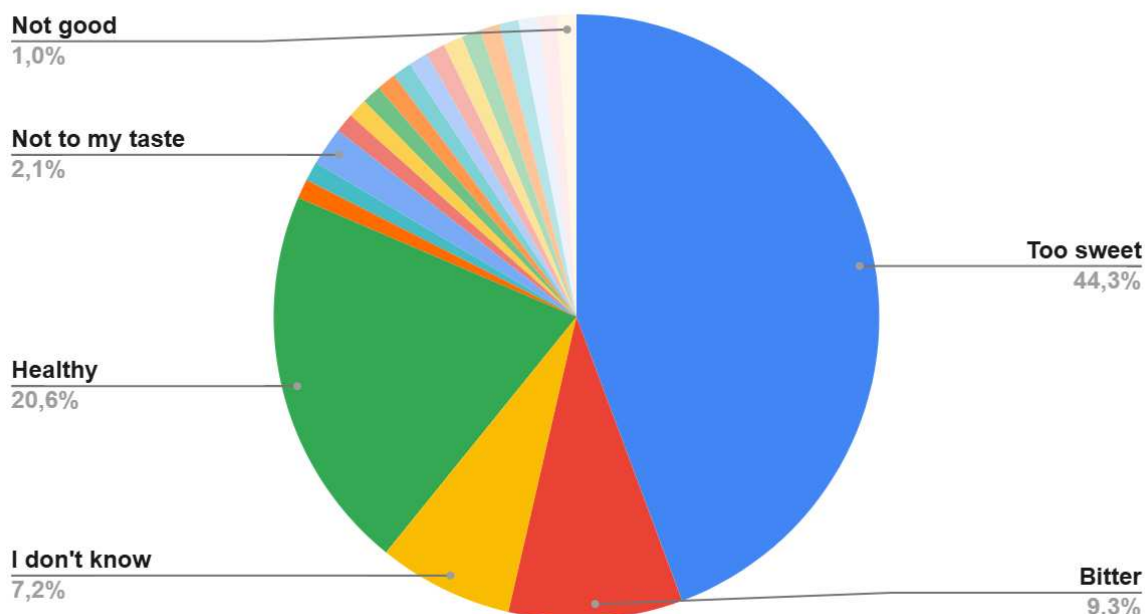
Have you ever bought bottled matcha tea?



According to the survey results, most Italians have never drunk bottled matcha except for a minor part of the following age groups: between 18 and 24 years, between 25 and 34 years, between 45 and 54 years, and finally between 55 and 64 years. Among these age groups, the most drunk bottle of matcha tea seems to be San Benedetto, followed by ITO EN. Looking back at the responses, those who already knew the brand of ITO EN and drank the bottled matcha tea can be attributed to having visited Japan.

When Italians were asked what they thought about bottled matcha tea, 44.3% said it was too sweet, 20.6% said it was healthy, 9.3% said it was bitter, 7.2% said they knew nothing about it, 2.1% said it was not to their taste, and finally, 1% said it was not good. These results can be seen in the figure below.

I believe bottled matcha is:



In the 18-24 age group, a majority thinks that bottled matcha tea is too sweet. Some consider matcha tea as healthy, while others find it is bitter. Only a small percentage of participants do not know what to think about it and do not express a view on the taste.

On the other hand, most of the tasters belonging to the 25-34 age group think that bottled matcha is too sweet, followed by those who think it is healthy and by the ones finding it bitter.

The majority of people between the ages of 35 and 44 thinks it is healthy, followed by a proportion who think it is too sugary, whereas the majority of people between the ages of 45 and 54 think that bottled matcha tea is too sweet. However, for a portion of this age group, bottled matcha tea is perceived as being a healthy beverage, followed by those who think it is too bitter and the undecided.

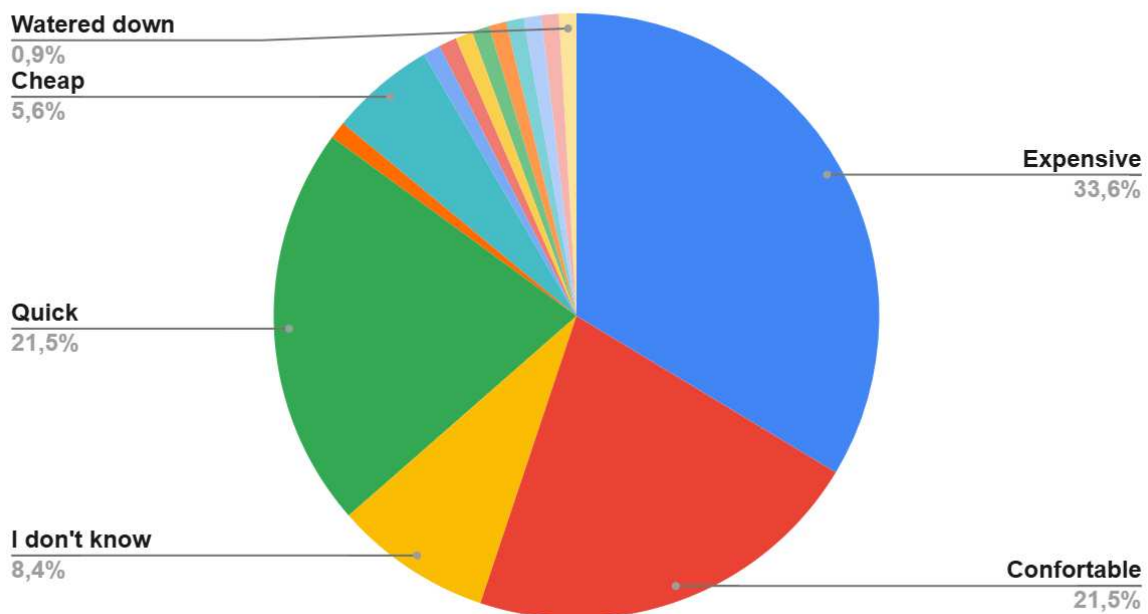
In the 55-64 age group, most think that bottled matcha tea is too sweet, but a small part feels that the product is not of good quality, and another part does not know what to say about it. Generally, people over 64 didn't know what to think about bottled matcha tea as they had never tried it.

It is assumed that a large proportion of the survey participants have never had bottled matcha tea, and only a small proportion have tried it. Among this minority, the result would seem to be that the bottle of matcha tea is too sugary, probably because most of them would have

drunk bottled matcha tea from San Benedetto. It is likely, therefore, that if ITO EN enters the Italian market, these results might change.

However, when the respondents were asked about the characteristics of bottled matcha tea, the results were as follows: 33.6% thought it was expensive, 21.5% thought it was fast and convenient, 8.4% thought it was cheap, 5.6% thought it was cheap and 0.9% thought it was watered down as can be seen in the figure below.

Bottled matcha tea is :



For the 18-24 age group, bottled matcha tea would be expensive, but part of this group thinks it is quick and convenient. Only a small part thinks that bottled matcha is cheap and watered down as a product.

Even for people between 25 and 34, the bottle of matcha tea would be expensive, however, for one part, it would be quick, and for another, convenient. A minority think that bottled matcha tea is cheap.

While for the 35 to 44 age group, the majority thinks it is quick and convenient.

Between the ages of 45 and 54, the majority think the product is expensive, followed by a minority think it is convenient, and another think it is quick. Only a minority think it is cheap as a product, and another minority do not know what it is.

Between the ages of 55 and 64, the majority think it is convenient as a product. However, a large part of this age group does not know what to say about it. While the minority thinks it is expensive and quick as a product.

The over 64s would appear never to have bought this product.

5.4 Our suggestions to ITO EN

The focus group and survey analysis showed that Italian consumers have varied tastes in tea, with a preference for black tea, followed by green tea: Italian consumers' taste is diversified and current offerings from market leaders San Benedetto and Ferrero can be successfully complemented by high quality, Japanese RTD premium products.

This strategy would be a perfect match for the decision taken by ITO EN to partner with Esselunga supermarkets, allowing the Japanese company to concentrate on Italian customers with a medium to high income. We recommend implementing promotional activities, such as the setting up of stands in selected outlets, to increase brand awareness. These spaces, with dedicated tasting areas and educational material, would allow consumers to learn more about ITO EN, linking the name to the health benefits of green tea. In addition, commercials could be created to entice Italian customers to buy the ITO EN's bottled drinks using testimonials such as recognised athletes and players.

Another relevant aspect that emerged from the survey concerns the perception of matcha. Given that the survey responses showed that even people who said they had drunk matcha associated it with an image of any tea rather than the original one, it would be advisable for ITO EN to launch an information campaign targeting Italian consumers aimed at reducing their knowledge gap before selling the original matcha.

Although there are people in the Italian market who have drunk matcha tea, it was noted that there is no clear idea of the original product. However, with the results obtained from the survey, the general idea of the Italian consumer regarding matcha tea is that it is a healthy, trendy, overrated and anti-ageing drink.

When Italians were asked if they had ever drunk bottled matcha tea, the general answer was no. However, a minority had drunk a bottle of matcha tea, although the majority would turn out to be the matcha tea bottle created by San Benedetto. Italians believe that bottled matcha tea is too sugary, healthy and bitter. On the other hand, about the bottled format, Italians think it is too expensive, even though it is a quick and convenient choice.

Final Considerations

The Japanese tea industry has been under pressure both due to structural issues, such as generational turnover and increasing input costs, and increasing competition coming from Western carbonated drinks. However, thanks to the successful development of export markets and the introduction of new products, innovative companies such as ITO EN have managed to face these challenges and grow their business: the expansion in Asia and America, combined with the introduction of canned oolong tea and bottled green tea known as Oi-Oicha, have been crucial to find new paths for growth. Europe, including Italy, is the next economic area which can offer significant growth.

Research shows that thanks to globalisation, especially GATT and treaties between countries, green tea and matcha tea are becoming popular in the West, both for health reasons and for their innovative taste. Globally, matcha tea demand is experiencing a boom, causing a shortage of the product: some of the companies that produce matcha tea powder, such as Ippodo Tea, have confirmed that 'matcha tea production cannot meet the current increase in demand'.

This research delves into the history of one of Japan's most important green tea companies: ITO EN. It focuses on how they have developed their products and how they are expanding into foreign markets, starting in Asia and North America and expanding further. In 2024, ITO EN entered the European market, opening a commercial hub in Düsseldorf, Germany. Through the interview with ITO EN's PR team, it emerged that Germany was chosen not only because of the success of the company's products in this country but also because of its strategic logistical location, as it is in the centre of Europe. Through the interview, it was confirmed that the markets the company is currently focusing on are France, Spain, Germany and Italy.

Italy, although known as the home of espresso coffee, is one of the top 10 countries for iced tea consumption and is a target for ITO EN. Importantly, according to the Business Coot study, the tea market in Italy is very diversified, mainly due to the Italian green tea consumer being more health-conscious and attracted by innovative tastes and flavours. In Italy, the main competitors are San Benedetto and Ferrero. Although these two Italian companies have a well-established position in their domestic market, their products are usually sweetened and use sugar, even when they are presented as healthy.

ITO EN is starting to sell its products in Esselunga supermarkets in Italy. The choice of Esselunga as a retail partner has been taken based on strategic considerations since Esselunga stores are mainly located in Northern Italy, the area where Italian GDP is highest. Moreover, although Esselunga is not the largest grocery retailer, according to several sources it is the supermarket chain with a very strong consumer reputation and the best overall rating calculated considering growth, customer services, sustainability, private labels and innovation. In short, the decision to choose Esselunga as a partner is a very fitting choice for ITO EN's offering, marketed as a premium made-in-Japan green tea.

To check whether this strategic approach is in line with the Italian market characteristics, we have conducted a mixed survey taken by 313 respondents and organised a focus group consisting of 10 participants of different ages. The survey revealed that those who mainly consume coffee alternate with tea (86%), and the choice of tea preferred by coffee drinkers seems to fall on fruity tea. Tea is the second favourite beverage, and the period in which it is drunk most is autumn and winter. Among the various age groups, consumers between the ages of 18 and 24 would prefer black tea, while consumers between the ages of 25 and 34 would opt for both green tea and black tea. For the older age groups (between 35-44 years, 45-54 years and finally 55-64 years), the choice would be green or fruity tea. It also emerged that the type of tea drunk by Italians varies: green tea is usually the most favoured, black tea is the second choice, and fruity tea is the third, followed by white tea. This data confirms that the Italian tea market is markedly differentiated.

When participants were asked where they imagine drinking tea, whether at home or outside, 91.5 per cent said they imagine drinking tea at home. Furthermore, it was noted that people who chose tea as their favourite drink consume it between fifteen and thirty times a month. Italians who drink coffee and other drinks, on the other hand, were found to drink tea one to five times a month.

The focus group consisted of 10 participants who were given a blind tasting of green tea from San Benedetto and ITO EN. It should be noted that all respondents knew nothing about the company and did not follow the company on the social profiles created. Half of the participants chose San Benedetto's product because it is a taste they are used to compared to ITO EN. However, when they were shown the packaging, they drew more attention to the ITO EN product. Furthermore, when comparing the nutritional values of the two products, the respondents noted the difference in sugars in the two products. Half of the other

respondents chose ITO EN's product because they appreciated its innovative, less sugary taste.

When asked if they had to choose between the two products based on health considerations, they would choose ITO EN. Respondents generally agreed that to improve their product, ITO EN would need to add a little more taste. While regarding advertising and how to enter the Italian market, the interviewees gave different ideas and opinions. These suggestions included the idea of setting up a stand at Esselunga to present the history of the company and the product, as well as letting people try the product to make it known to a wider audience. On the other hand, for commercials, it was suggested to advertise with professional sports figures, such as tennis or football players, or about the authenticity of the product or a commercial with the family to reach more households.

Most consumers had heard about matcha tea through social media or word of mouth. Respondents were asked if they had ever tried matcha, with 63.9% of respondents answering positively; however, when asked to associate an image with the product, the actual product was not chosen. Furthermore, when asked if they had ever drunk bottled matcha tea, only 13.4% said yes, and in these occurrences, the brand of choice was usually San Benedetto. Overall, respondents believe that matcha tea is a bit too sweet and somehow too expensive but appreciate the convenience of bottled tea matcha.

In conclusion, the results of both the survey and the focus group show potential for the growth of RTD green tea in Italy, albeit the market perception for the product is not fully mature yet. Consumers appreciate the healthiness of green tea but generally find current products by San Benedetto and Ferrero too sweet. Given these premises, our survey confirms that ITO EN can be successful in entering the Italian market with a line of healthy, unsweetened bottled green tea products sold in Esselunga stores, strategically located where the wealthiest consumers are ITO EN is likely to achieve a premium brand status linked to the authentic taste of high quality, Japanese green tea.

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Appendix

Questions for the online survey:

1. Which drink do you drink most frequently?
2. How many coffees do you drink daily if you chose the coffee option?
3. When do you usually have coffee? (You can also select more than one answer).
4. Have you ever tried replacing coffee with tea?
5. If yes, why did you decide to replace coffee with tea?
6. How many times do you drink tea in a month?
7. At what time of year do you drink tea? (You can select more than one answer.)
8. What kind of tea do you usually drink?
9. When you imagine drinking tea, you drink it:
10. Have you ever heard of matcha tea? If so, where?
11. Which of the following images do you associate matcha tea with?
12. Have you ever tried matcha?
13. After the first taste, did you continue drinking it?
14. You think matcha tea is a drink:
15. Where do you usually buy matcha tea?
16. Have you ever bought bottled matcha tea?
17. If you answered yes to the previous question, which of these brands did you buy?
(You can select more than one answer.)
18. I consider bottled matcha tea to be:
19. Bottled matcha tea is:

Focus Group Questions:

1. Why did you choose this drink over the other?
2. What packaging attracts you the most and why?
3. Are you already familiar with the company ITO EN?
4. In terms of health, which one would you choose between the two?
5. What should ITO EN do to improve its product?
6. What publicity would attract Italian consumers to ITO EN's product?