CULTURAL CHANGE: AN ANALYSIS OF TAIWANESE HOT BEVERAGE CONSUMPTION

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ABSTRACT

Tea had been the leading beverage in Taiwan hot drink industry until the coffee-drinking culture was introduced to Taiwan. This paper speculates that many Taiwanese people have altered their preference from tea to coffee causing Taiwanese tea industry to suffer and tea culture to decline. The purpose of this paper is to check this speculation and find out the reasons causing this social phenomenon of cultural change of Taiwanese hot beverage consumption. This paper has used 'Starbuckization' as an example indicating that the introduction of a foreign culture can cause effects of local culture. Nevertheless, the Starbucks effect leads to western culture adoration, where study has shown a positive correlation between western culture vanity and western culture adoration in coffee consumption. Overall, western culture adoration has become the most significant factors in consumer preferences and decision-making in beverage consumption. However, future research should keep track the trend of Taiwan hot drink industry, and see whether or not there is another reason that is causing the cultural change of Taiwanese hot beverage consumption. Nevertheless, future research should test if experiential purchase would work in the tea industry.

Thesis Supervisor: Dr. Warveni Jap (DBA)

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INTENTION

Having grown up in Taiwan, tea culture has always been around me and my family for decades. My grandfather was a tea merchant. When I was a child, I used to help him with tea roasting, sieving, packaging, etc. As time goes by, tea seems to become less popular in Taiwan. The diminishing sales of tea forced my grandfather to decrease his tea supply. However, I did not notice this situation until one day I visited my grandfather with a bottle of tea bought from a convenience store. He complained that the bottled drinks were not organically produced, and the cold drinks were not good for health. At that moment, I could feel how upset my grandfather was. I realized that it had been a long time for me to sit down and make a cup of real tea with my grandfather. Tea culture is disappearing. It is a pity that fewer people care about the tea culture in Taiwan nowadays. Therefore, I started to do a secondary research to see if any earlier studies have done anything to the issue of culture change in Taiwan.

OBJECTIVE

This paper states a speculation indicating a phenomenon that fewer Taiwanese people appreciate tea culture in comparison to ten years ago. Yet, this circumstance reflects a significant decline in Taiwanese tea culture. Thus, this paper generates information from secondary research. However, the purpose of this paper is to inspect this speculation of tea culture loss in Taiwan. Whether the result is positively supportive or negatively against the hypothesis. The goal of this study is to find out the reasons causing this social phenomenon.

INTRODUCTION

In Taiwan, tea had been the leading beverage in the hot drink industry. Yet, the coffee industry has been expanded from the West to the East, namely to many Asian countries including Taiwan. This paper speculates that many Taiwanese people have altered their preference from tea to coffee. Therefore, it causes the Taiwanese tea culture to decline. The purpose of this paper is to check this speculation and find out the reasons causing this social phenomenon. According to the data generated from annual reports of the hot drink industry in Taiwan, the market segmentation has been changed. That is, coffee sales are increasing significantly while tea sales are declining. Moreover, today's consumer demand is very different compared to 10 years ago. In addition, globalization is also a significant factor to this social phenomenon. This paper has used 'Starbuckization' as an example indicating that the introduction of a foreign culture can cause effects of local culture. Nevertheless, the Starbucks effect leads to western culture adoration. However, the goal of this paper is to find out the reasons causing this cultural change of Taiwanese hot beverage consumption. Future research should keep track the trend of Taiwan hot drink industry in the future years. Moreover, the author recommended future research to seek whether there is another reason that is causing the cultural change in Taiwan. Lastly, to adopt the cultural change of Taiwanese hot beverage consumption, future research should also test if the experiential purchase would work in the tea industry.

DATA

The hot drink market consists of the retail sales of coffee, tea, and other hot drinks. The market is valued according to retail selling price (RSP) and includes any applicable taxes. The industry annual reports show the altering hot drink market segmentation among countries in Asia-Pacific, and the reports also highlight the change in hot drink market segmentation and distribution in Taiwan (Datamonitor, 2005; Datamonitor, 2010; Datamonitor, 2014). In particular, the Taiwan Industry Reports of beverage outlets show the sales and establishments of different market distributions (Chen, 2012).

1. Tea Sales in Taiwan

Asia-Pacific Hot Drink Market Segmentation, 2005-2013 (see Table 1)

The Asia-Pacific market includes Australia, China, Hong Kong, India, Indonesia, Japan, New Zealand, the Philippines, Singapore, Taiwan and Thailand (Datamonitor, 2005; Datamonitor, 2010; Datamonitor, 2014).

In 2005, Taiwan accounted for 4.3% of the Asia-Pacific hot drink market. Japan was the largest market, accounting for 37.4% of the regional market value (Datamonitor, 2005). In 2009, Taiwan accounted for 3.7% of the Asia-Pacific hot drink market value. China accounted for a further 52% of the Asia-Pacific market (Datamonitor, 2010). In 2013, Taiwan accounted for 2.9% of the Asia-Pacific hot drink market value. China accounted for a further 49.2% of the Asia-Pacific market (Datamonitor, 2014).

Table 1: Asia-Pacific Hot Drink Market Segmentation: % Share, by Value, 2005-2013

Geography	2005	2009	2013
Japan	37.40%	20.4%	11.9%
China	14.70%	52.0%	49.2%
Taiwan	4.30%	3.7%	2.9%
Rest of Asia-Pacific	43.6%	23.9%	36%
Total	100%	100%	100%

Source: Industry Profile

Taiwan Hot Drink Market Segmentation, 2005-2013 (see Table 2)

The two major categories of hot drinks in Taiwan are tea and coffee (Datamonitor, 2005; Datamonitor, 2010; Datamonitor, 2014).

In 2005, tea dominated the Taiwanese hot drink market, accounting for 78.9% of the total value. Coffee accounted for a further 19.5% of the market (Datamonitor, 2005). In 2009, tea was still the largest segment of the hot drink market in Taiwan, accounting for 66.8% of the market share. The coffee segment accounted for 31.2% of the market (Datamonitor, 2010). In 2013, as in earlier years, tea was still the largest segment of the hot drink market in Taiwan, accounting for 61.2% of the total market value. The Coffee segment accounted for a further 36.4% of the market (Datamonitor, 2014).

Table 2: Taiwan Hot Drink Market Segmentation: % Share, by Value, 2005-2013			
Category	**2005**	**2009**	**2013**
Tea	78.90%	66.8%	61.2%
Coffee	19.50%	31.2%	36.4%
Other Hot Drinks	1.60%	2.0%	2.5%
Total	100%	100%	100%
Source: Industry Profile			

2. Tea Houses in Taiwan

Taiwan Hot Drink Market Distribution, 2005-2013 (see Table 3)

The major distribution channels of hot drinks in Taiwan are supermarkets/ hypermarkets, convenience stores, independent retailers, and specialist retailers (Datamonitor, 2005; Datamonitor, 2010; Datamonitor, 2014).

In 2005, supermarkets/ hypermarkets formed the most important distribution channel, accounting 36.6% of the market volume. Yet, convenience stores accounted for a further 27.2% of the market sales (Datamonitor, 2005). In 2009, supermarkets/ hypermarkets were still the leading distribution channel in the Taiwan hot drink market, accounting for a 47.3% share of the total market volume. Following by the independent retailers accounted for a further 16.4% of the market, and the specialist retailers accounted for a 15.4% of the market share (Datamonitor, 2010). In 2013, supermarkets/ hypermarkets accounted for 48.7% share of the total market value, followed by independent retailers

(15.7% of the market) and specialist retailers (14.4% of the market). Nevertheless, convenience stores became the least significant distribution channel in the Taiwan hot drink market, accounting only a 9.9% share of the total market volume

(Datamonitor, 2014).

Table 3: Taiwan Hot Drink Market Distribution: % Share, by Value, 2005-2013

Channel	**2005**	**2009**	**2013**
Supermarkets/Hypermarkets	36.6%	47.3%	48.7%
Convenience Stores	27.2%	—	9.9%
Independent Retailers	—	16.4%	15.7%
Specialist Retailers	—	15.4%	14.4
Others	36.2%	21.0%	11.3%
Total	100%	100%	100%

Source: Industry Profile

Taiwan Hot Drink Outlets, 2008-2012 (see Table 4 and Table 5)

The major outlets for tea and coffee in Taiwan are tea houses and coffee shops. Table 4 illustrates sales of tea houses and coffee shops in Taiwan from 2008 to 2012. Table 5 shows the number of establishments in Taiwan hot drink outlets (Chen, 2012).

Table 4: Taiwan Hot Drink Outlets Sales: $ million, 2008-2012 (Exchange Rate: 1 USD$ = 30 NT$, April, 2015)					
	2008	**2009**	**2010**	**2011**	**2012**
Tea House					
Sales (NT$)	944.11	878.73	922.37	914.43	601.79
Sales (US$)	31.47	29.29	30.75	30.48	20.06
Coffee Shop					
Sales (NT$)	6082.33	5891.34	6255.01	7035.52	5231.11
Sales (US$)	202.74	196.38	208.50	234.52	174.37
Source: Taiwan Industry Reports					

Table 5: Taiwan Hot Drinks Outlets Establishments: Establishments, 2008-2012					
	2008	**2009**	**2010**	**2011**	**2012**
Tea House					
Establishments	505	476	447	422	388
Coffee Shop					
Establishments	1497	1483	1497	1592	1669
Source: Taiwan Industry Reports					

DATA ANALYSIS

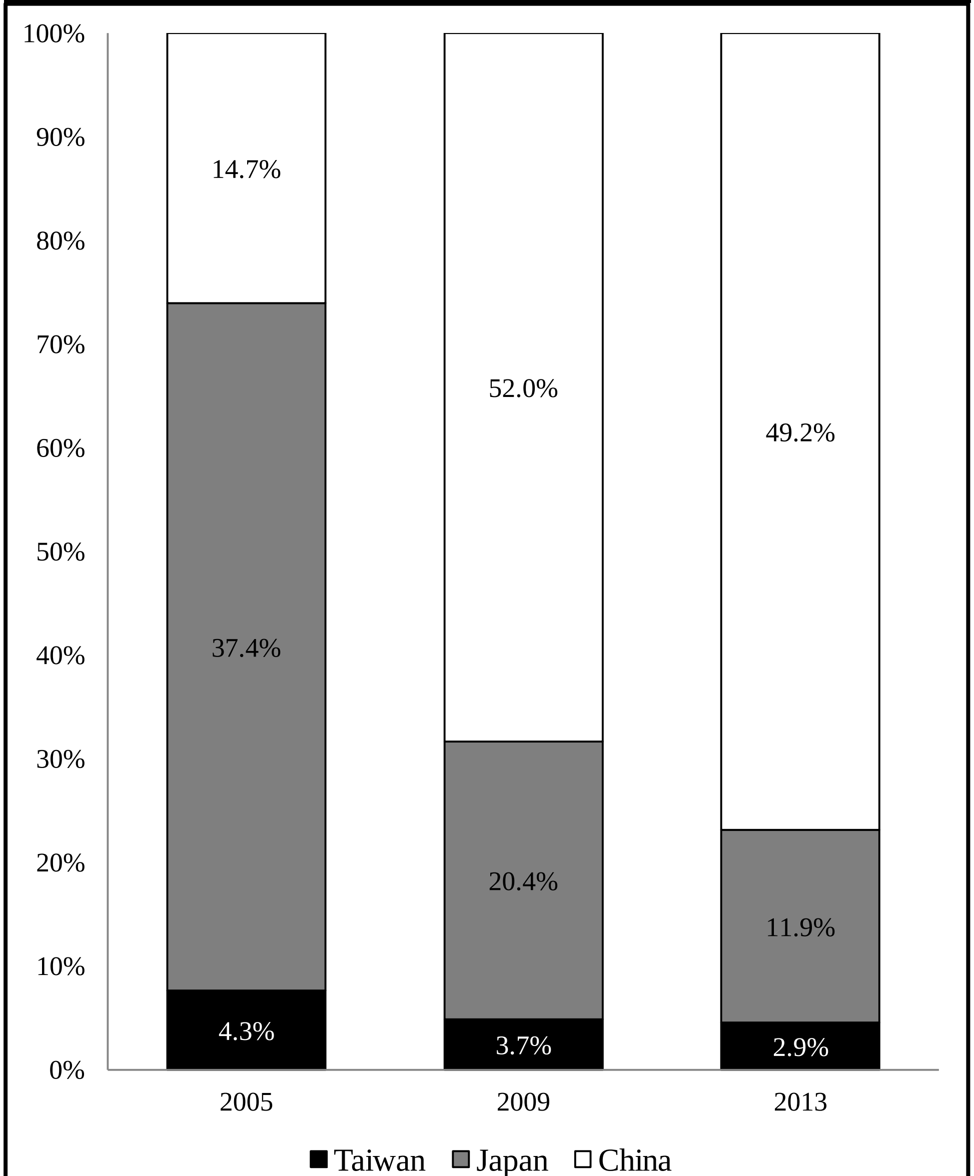
1. Declined Tea Sales in Taiwan

Asia-Pacific Hot Drink Market Segmentation, 2005-2013 (see Figure 1)

In 2005, Taiwan accounts for 4.3% of the Asia-Pacific hot drink market. Yet, Japan was the largest market among countries in Asia-Pacific generating a 37.4% of the overall market value (Datamonitor, 2005). In 2009, Taiwan accounted a 3.7% of the Asia-Pacific hot drink market value representing a reduction compared with its market value in 2005. Nevertheless, China became the largest in Asia-Pacific hot drink market accounting for a further 52% of the aggregate market value. Therefore, Japan suffered a downfall to its market share generating a 20.4% of the overall market value (Datamonitor, 2010). However, Japan, the largest market in 2005, has experienced a huge reduction in its market share generating 11.9% of the Asia-Pacific hot drink market value in 2013. Yet, Taiwan accounted 2.9% of the Asia-Pacific hot drink market value which was also a reduction of market share compared to fiscal 2005 (Datamonitor, 2014).

To conclude, both Japan and Taiwan are accounting less volume of the Asia-Pacific hot drink market value. Compare to fiscal 2005, Taiwan has experienced a 1.4% reduction while Japan suffered a 25.5% reduction in the overall hot drink market value in Asia-Pacific (Datamonitor, 2005; Datamonitor, 2010; Datamonitor, 2014).

Figure 1: Asia-Pacific Hot Drink Market Segmentation (2005-2013)



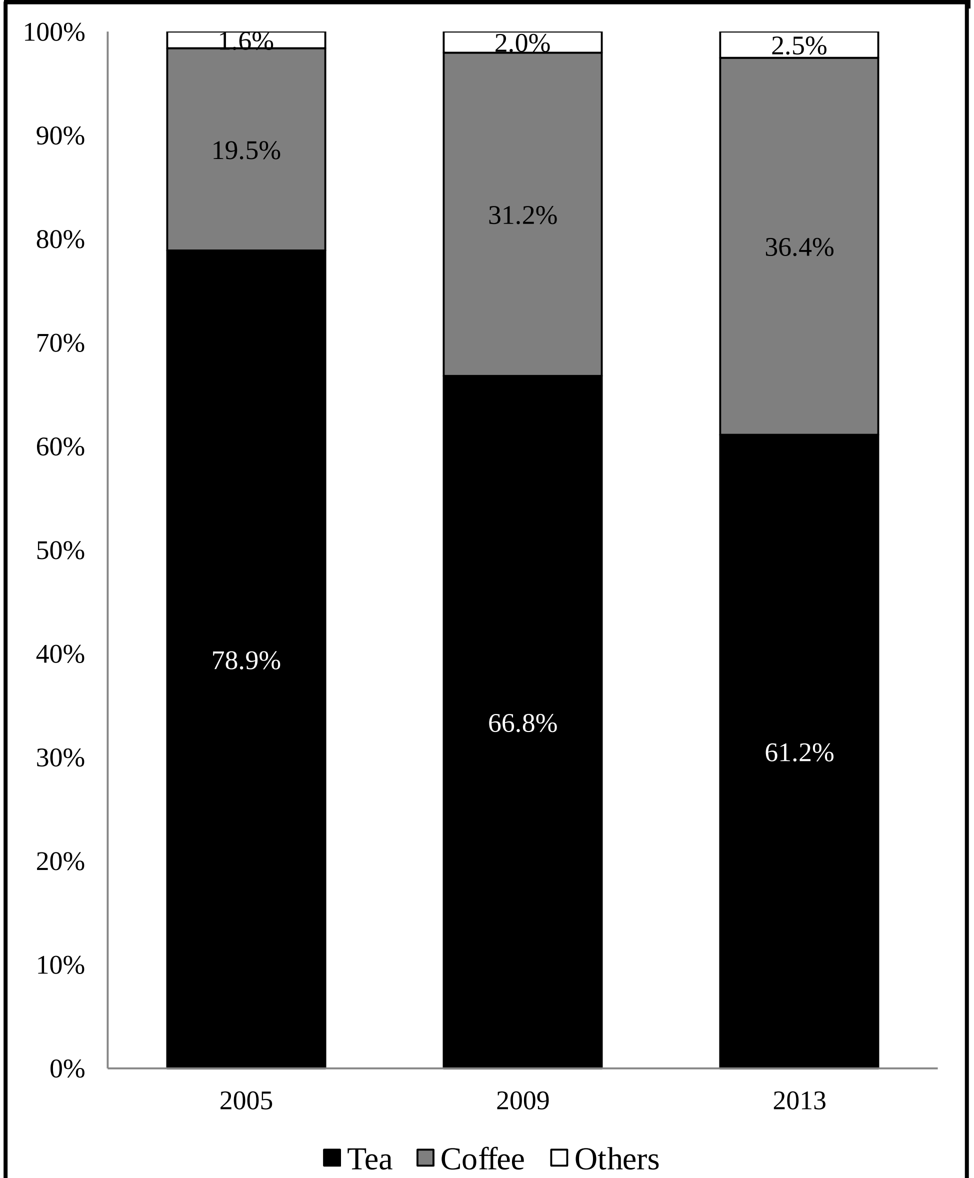
Source: Industry Profile

Taiwan Hot Drink Market Segmentation, 2005-2013 (see Figure 2)

In 2005, the sales of tea formed the leading segment in the market generating 78.9% of the overall market value. In comparison, the coffee sector generated a 19.5% share of the market value (Datamonitor, 2005). In 2009, the sales of tea are still the leading segment in the market, however, tea market share decreased to 66.8% of the overall market value. In comparison, the coffee sector increased generating a 31.2% share of the market value (Datamonitor, 2010). In 2013, the sales of tea generated 61.2% of the overall market value which was an even lower volume of market shares than in 2009. In comparison, the coffee sector increased to a 36.4% share of the market value (Datamonitor, 2014). Thus, the tea market share shrunk from 78.9% in 2005 to 61.2% in 2013. In comparison, the coffee market share had increased from 19.5% in 2005 to 36.4% in 2013 (Datamonitor, 2005; Datamonitor, 2010; Datamonitor, 2014).

To conclude, within the time period of 2005 to 2013, tea market had reduced 17.7% of the overall market value while the coffee sector had grown 16.9% share of the market value (Datamonitor, 2005; Datamonitor, 2010; Datamonitor, 2014). According to Taiwan hot drink industry reports (Datamonitor, 2005; Datamonitor, 2010; Datamonitor, 2014), the Taiwan hot drink market is predicted to have positive growth towards 2018, and the coffee sector is expected to be the key driver.

Figure 2: Taiwan Hot Drink Market Segmentation (2005-2013)



Source: Industry Profile

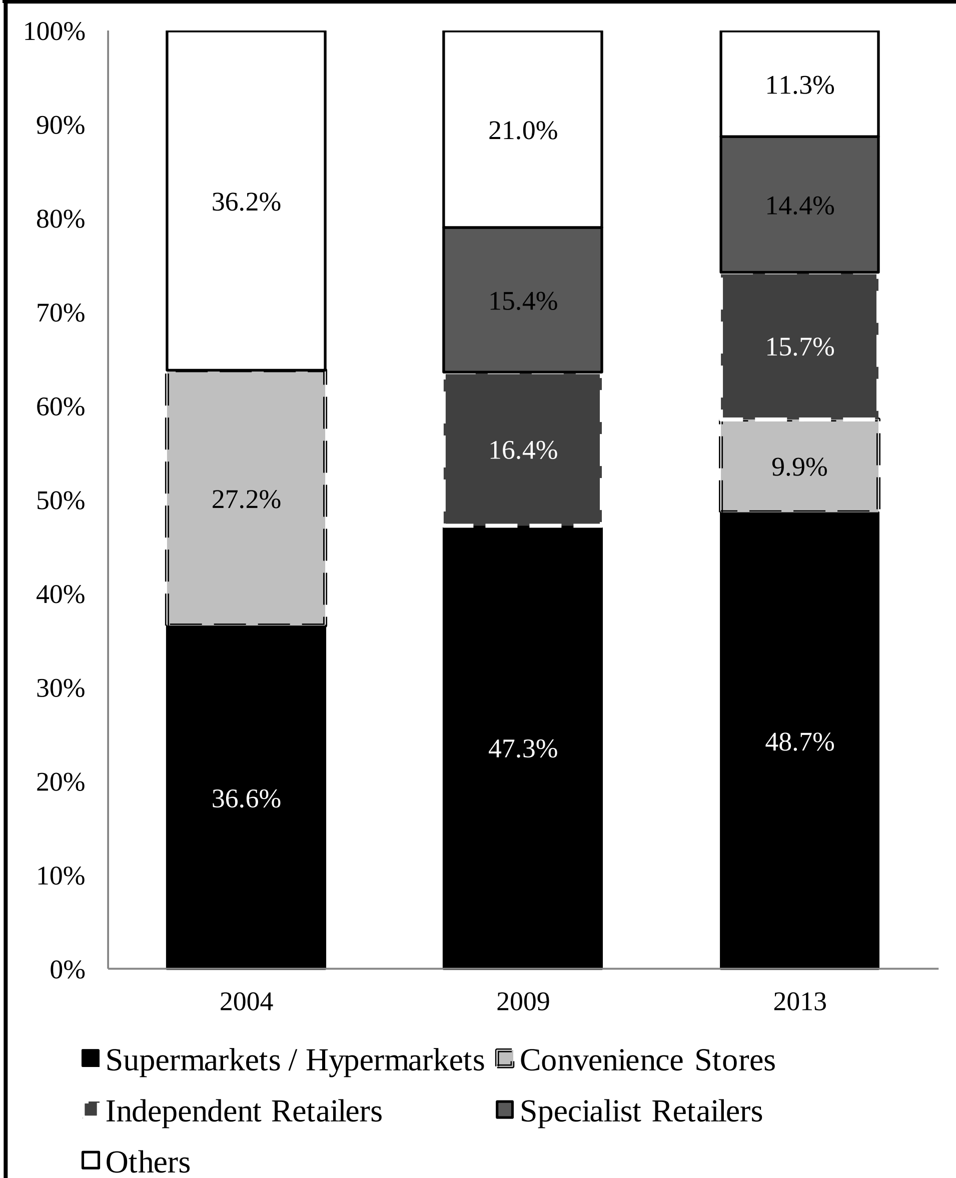
2. Waned Tea Houses in Taiwan

Taiwan Hot Drink Market Distribution, 2005-2013 (see Figure 3)

In 2004, 36.7% of the market volume was distributed via supermarkets/ hypermarkets. Yet, convenience stores were also a significant channel for hot drinks in Taiwan, holding a further 27.2% of the market distribution (Datamonitor, 2005). In 2009, supermarkets/ hypermarkets have held 47.3% of the total market volume. Following by the independent retailers accounted for a further 16.4% of the market, and the specialist retailers accounted for a 15.4% of the market share (Datamonitor, 2010). In 2013, supermarkets/ hypermarkets accounted for an even higher volume of the market, generating a 48.7% share of the total market value (Datamonitor, 2014). Nevertheless, convenience stores, the second-largest distribution channel in 2004 in the Taiwan hot drink market, have become the least significant in 2013, accounting only a 9.9% share of the total market volume (Datamonitor, 2005; Datamonitor, 2010; Datamonitor, 2014).

To conclude, more retailers have entered the Taiwan hot drink market, which increased competition among distribution channels. Furthermore, the market volume of convenience stores has diminished to the least influencing channel in the Taiwan hot drink market (Datamonitor, 2005; Datamonitor, 2010; Datamonitor, 2014).

Figure 3: Taiwan Hot Drink Market Distribution (2005-2013)



Source: Industry Profile

Taiwan Hot Drink Outlets, 2008-2012 (see Figure 4 and Figure 5)

Taiwan's hot drink outlets include coffee shops and tea houses (Chen, 2012). Consumers demand greater variety and higher quality products. Nowadays, consumers have become more health-conscious leading to a growing demand for healthier food choices. Moreover, since a number of scientific papers have reported the potential benefits of tea and coffee, these beverages were consumed more for their therapeutic qualities. Businesses in Taiwanese hot drink market tried to distinguish their products by enhancing the taste, quality, and health benefits especially for tea (Chen, 2012).

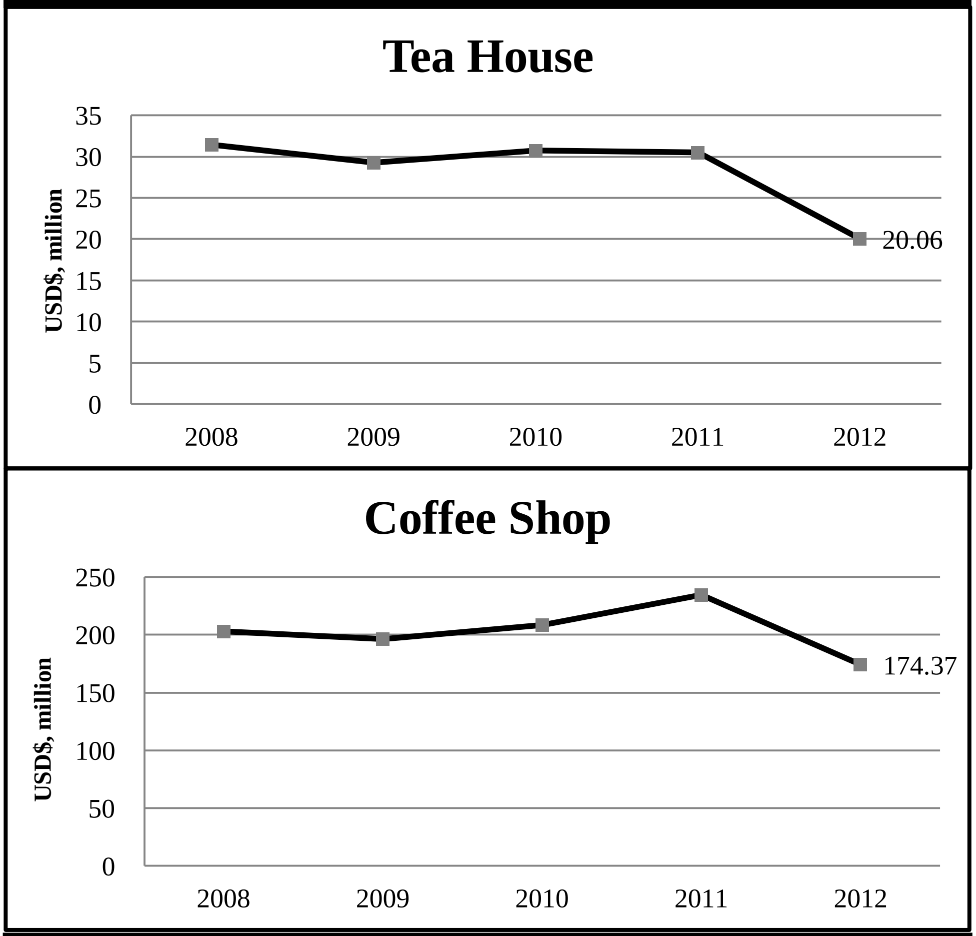
Since 2011, Taiwan's Department of Health has begun to promote that beverage makers should highlight food calories on packing (Chen, 2012). Because of the health awareness, consumers tended to buy less beverage. Nevertheless, due to the food contamination crisis triggered by plasticizers found in food in 2011, the economics had experienced a slowdown in Taiwan (Chen, 2012). Thus, it has weakened consumer power. In addition, the increased fuel and electricity prices, layoffs and people on unpaid leave also forced consumers to cut spending on food and beverage (Chen, 2012). Therefore, the economic slowdown, in particular, also affected the industry as consumers refrain from spending.

Figure 4 illustrates the sales of Taiwan hot drink outlets from 2008 to 2012 (Chen, 2012). From 2008 to 2012, tea houses were heavily affected by the economic slowdown and experienced an 8.49% decrease in sales (Chen, 2012). Some tea house operators were forced to exit the market because they had experienced a significant reduction in sales. On the other hand, coffee shops enjoyed a fine performance and had less influence by the economic slowdown. In 2012, coffee shops accounted 22.25% of the market share where tea houses only accounting 2.56% (Chen, 2012). During the economic slowdown, consumers were turning to convenience stores to buy bottled and canned beverage for more affordable reasons (Chen, 2012).

As the popularity of the ‘instant products’ rising, convenience has become a significant factor for consumers in decision-making, where convenience-oriented positioning focused on time and speed claims. Figure 5 illustrates the establishments of Taiwan hot drink outlets from 2008 to 2012 (Chen, 2012). The leading players, that manipulate large-scale of the market, are typically the entry barriers for the new entrants. In addition, due to the low technology threshold and barrier to entry, the number of establishments increased significantly, driving up the market competition. Yet, the innovative products introduced by the already established player also counteract the newcomers’ opportunity to develop (Chen, 2012).

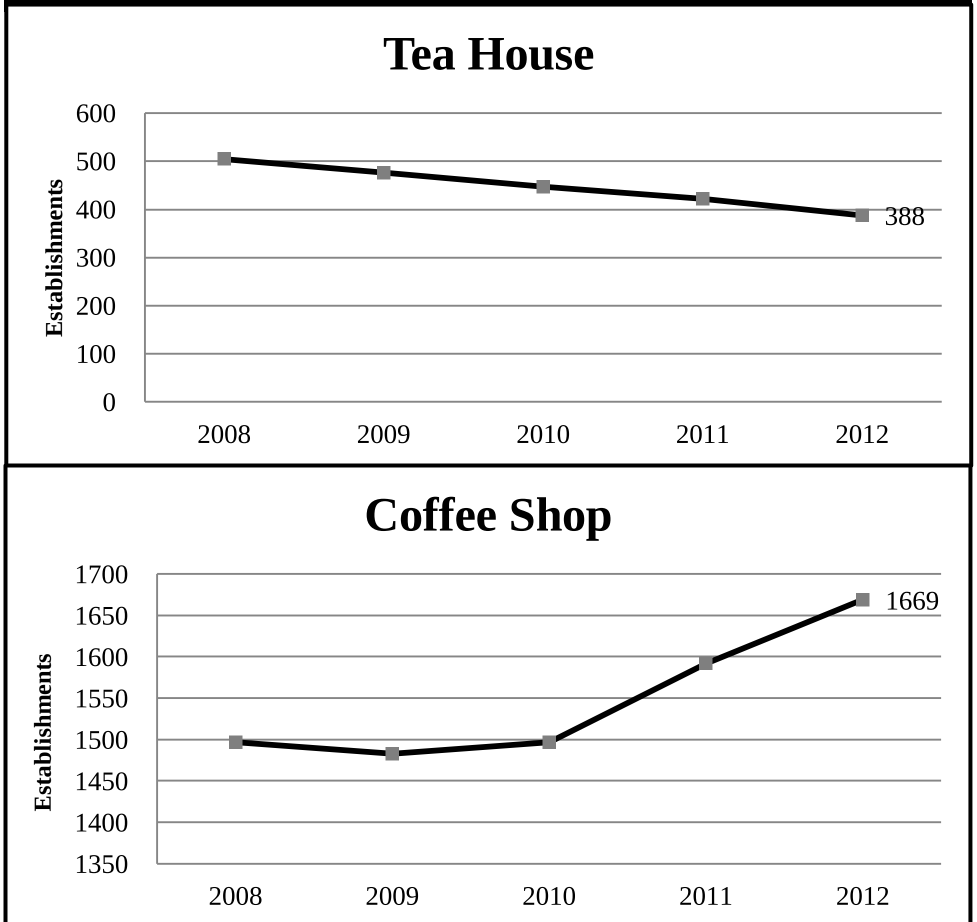
Nevertheless, international players also exist in the Taiwanese hot drink market. Their strong established brand identity is also considered a barrier for new entrants. The number of entrepreneurs in coffee shops increased because of the growing acceptance of coffee (Chen, 2012). The population of coffee drinkers has increased, and coffee shops have become one of the most convenient meeting places for white-collar workers and students. On the other hand, the number of entrepreneurs declined in tea houses due to higher unit prices and monotonous products which cannot meet consumer demand. Thus, many tea house operators exited from the market due to the decline in consumer groups and sales. Overall, in 2012, the number of coffee shops increased by 6.58%, whereas the number of tea houses decreased by 9.56% (Chen, 2012).

Figure 4: Taiwan Hot Drink Outlets Sales (2008-2012)



Source: Taiwan Industry Reports

Figure 5: Taiwan Hot Drink Outlets Establishments (2008-2012)



Source: Taiwan Industry Reports

LITERATURE REVIEW

1. Starbuckization

From 'McDonaldization' to 'Starbuckization'

'McDonaldization' is a term created by George Ritzer and used simultaneously in his book: *The McDonaldization of Society* (Ritzer 2007; Turner, 2003). McDonaldization is a process of re-conceptualizing of rationalization. Yet, McDonald's is the pioneer model that reflects the McDonaldization. As Ritzer indicating in his book (Ritzer 2007), there are four major themes that he has discussed: efficiency, predictability, calculability, and the control of non-human technology. Besides, initially, these concepts are all endorsed by the fast-food industry, and now they have been used to explain various phenomena in different fields of the society (Ritzer 2007).

That being said, since Starbucks has strengthened the company reputation to an even more intense state and expanding its business, the Starbucks-phenomenon has been raised, and the impacts on the society have also been discussed. In fact, Starbucks has already prioritized its market standing over other rival businesses within the fast-food industry. Nevertheless, in many ways, Starbucks has developed a derivative model out of McDonaldization that is in a Ritzer's book called 'Starbuckization' representing the McDonaldization of the coffee-shop industry (Ritzer 2007). However, even though the model had re-conceptualized from McDonaldization to Starbuckization, the rationalization had still remained the same in particular to consumer behavior and its impact on customers (Ritzer 2007).

Concepts of Starbuckization

On the other hand, why are people paying a great amount of money for coffee drinks, and must be the Starbucks ones? This was explained by the concepts and principles of McDonaldization: efficiency, predictability, calculability, and the control of non-human technology (Ritzer 2007; Turner, 2003).

Starbucks operates the kind of efficient route in its coffee shops, usually starting from a line-up and ending up leaving with their orders. Moreover, Starbucks also fits the concept of predictability (Ritzer 2007). From one locale to another, Starbucks is very consistent, from the broader aspects of the company (such as the logo, the products, the method of preparation, etc.) to the small parts in the coffee shops (such as the stand with cream and sugar, the array of products, and the shelves, etc.). Nevertheless, Starbucks is also considered calculable due to the special 'newspeak' of coffee sizes (Ritzer 2007). With Italian names, Starbucks calls a small size 'tall', a medium size 'grande', and a large size 'venti.' Therefore, the large size, which is called 'venti' in Starbucks, now seem even larger (or 'taller') than the 'tall' size. Lastly, Starbucks also has the control of non-human technology. It has altered and replaced baristas by mostly automatic coffee makers (Ritzer 2007).

Expansion of Starbucks

As mentioned earlier, Starbucks has expanded its business (Ritzer 2007). In the United States, Starbucks designed to locate its coffee shops fairly close to one another, which is called 'infill' by the company, so customers will spend less amount of time to get to a

Starbucks. Soon after, the markets became very close to saturation in the United States. Thus, Starbucks, then altered and planned to expand more outside the United States than in it. Since the first coffee shop opening in Japan in 1996, Starbucks has further expanded its stores dramatically to many international locations (Ritzer 2007).

Yet, most of the international stores are joint ventures or licensed. In fact, usually, Starbucks does not do the franchise. Most Starbucks stores, whether in the United States or overseas, are licensed not running with Starbucks. As a result of increased number of licensed Starbucks, the company has less control over the licensees. Therefore, the quality of the products and services provided by the Starbucks licensees might somewhat be deducted, and the failures of licensees could put a negative impression of the company as a whole. In that case, while Starbucks rushing through its expansion of business; there is a possibility to lose control (Ritzer 2007).

Starbucks Effect: Business Aspect

In addition, the expansion of Starbucks, either in the United States or in the rest of the world, often drives small coffee shops out of business (Ritzer 2007). Even though those coffee shops are unique and local to the community, compared with the strong leader-power behind Starbucks, they are just too weak to compete. In spite of that, Starbucks could induce those small businesses to seek strategies and compete with it by raising the awareness of the rival. In order to survive within the context of Starbucks expansion, small businesses might start to increase the coffee quality, promote coffee culture more, or make other commitments to the customers. Nevertheless, due to

Starbucks' unshakeable market standing and the 'leadership principles' behind its success (Ritzer 2007), the smaller businesses see Starbucks as a model. Moreover, many businesses around the world started to imitate Starbucks. Soon after, uniformity has shaped in the coffee industry, both in the United States and in the rest of the world (Ritzer 2007).

Starbucks Effect: Culture Aspect

Besides, Starbucks was oriented to sell coffee to adults (Ritzer 2007). Yet, Starbuckization has widened the range of Starbucks' potential customers. Starbucks provides various 'starter drinks' which are designed for people who do not like coffee. Thus, those drinks are made to suit the taste of customers such as young adults, teenagers, and even children. Yet, Starbucks has prioritized in the fast-food market and more specifically in the coffee-shop industry (Ritzer 2007). Nevertheless, Starbucks has become the model for worldwide business people, and it is now seen as a cultural phenomenon. Besides the expansion of the coffee business, Starbucks is also a cultural force (Ritzer 2007). By selling CDs, books, and movies, Starbucks has developed another cultural identity for the company. Through the promotion of coffee house culture, another success is developing in Starbucks and consolidating its power in the future. The concept of Starbuckization as a whole has generalized and widely spread. However, it has led the re-conceptualization in many related industries and altered many people's lifestyles (Ritzer 2007).

Globalization and Homogenization Effects

Due to the local development and international expansion of many coffee companies, the coffee-drinking population has increased simultaneously. Since coffee culture has been promoted overseas, mostly from the West to the East, many business people have paid more attention to the market of the eastern countries. For example, Starbucks, one of the superior coffee companies in the United States, has come to Taiwan. Since 1998, Starbucks has opened and operated its coffee shops in Taiwan (Ritzer 2007). Yet, Starbucks is now a leading coffee retailer in Taiwan.

On the other hand, study (Ritzer 2007) has indicated the phenomenon of Starbuckization and how it can affect the society. However, little research has focused on the globalization and homogenization effects. That is, only a few researchers raised the issue that injection of foreign coffee culture to an existing local culture is possible to influence the civilization as a whole (Ritzer 2007). Moreover, the problem of homogenization reflects on the phenomenon of dramatically increasing Starbucks stores opening at international locations (Ritzer 2007). For instance, Starbucks has opened many coffee shops in Taiwan, and there is a potential fear, worrying that Starbucks is going to play the major role in the beverage market. However, this has become reality. Comparing Starbucks' strong market standing and the successful leadership principles to those local tea houses, the traditional tea culture has diminished. Therefore, Starbuckization has become a threat to the Taiwanese tea culture (Ritzer 2007).

2. Western Culture Adoration

Prior Research has conducted tests, which look at consumer behavior in coffee consumption. Yet, one study (Su, 2007) was developed and designed to look at the impact of western culture adoration of coffee consumption in Taiwan. The hypothesis was stated that there is a correlation between western culture vanity and western culture adoration in coffee consumption. However, the results have indicated a positive correlation. Therefore, the hypothesis has been supported, concluding that western culture adoration is a significant factor in consumption for Taiwanese customers (Su, 2007).

In addition, the concept of ethnocentrism is also brought into the discussion of western culture adoration. According to the explanation in earlier studies (Booth, 1979; Worchel & Cooper, 1979), ethnocentrism represents that people view their own group as the center of the universe and interpret other social units from the perspective of their own group. People will reject others who are culturally dissimilar while accepting those who are culturally similar to themselves.

Moreover, in another study (Shimp & Sharma, 1987), the term ‘consumer ethnocentrism’ is used to represent the beliefs held by American consumers about the appropriateness of purchasing foreign-made products. Nevertheless, consumer ethnocentrism gives people a sense of identity and belonging. Yet, the most important about consumer ethnocentrism is for consumers’ purposes, the understanding of what purchase behavior is acceptable or unacceptable to the group (Shimp & Sharma, 1987).

However, according to the data generated from the study (Su, 2007), ethnocentrism did not help toning down the impact of western culture vanity on western culture adoration. As a result of the study, the impact of ethnocentrism was less pronounced than western culture adoration for Taiwanese customers in coffee consumption.

On the other hand, one finding in the study (Su, 2007) indicated that the impact of a well-known western brand on consumer preferences was more pronounced than that of a well-known domestic brand. Yet, the study (Su, 2007) stated that the impact of a well-known domestic brand on consumer preferences was less pronounced than that of a well-known foreign brand of tea. That being said, in most cases, consumers are more likely to buy foreign-brand tea instead of domestic-brand tea. After all, in Taiwan, western culture adoration has become the most significant factors in consumer preferences and decision-making in beverage consumption.

Country-of-origin and Product-of-origin Effects

Country-of-origin and product-of-origin effects play a critical role in consumers' perceptions of a product, and both have significant impacts on consumer behavior (Kim, 2002). Yet, the marketing explanations show that country-of-origin influences consumption decisions by product category involvement, knowledge of a particular country and patriotism (Su, Chiou & Chang, 2006). Moreover, from a tourism aspect, geographical and cultural distance relative to tourists' country-of-origin has a negative effect on their ability to discriminate between distinct features and image of the destination to which they are traveling (Jensen & Korneliussen, 2002, p. 179).

Nevertheless, in terms of the 'fit' between countries and product categories, it was found that when the image of a country matches a significant characteristic of the product produced by that country, consumers' willingness to buy that product is high (Roth & Romeo, 1992). However, since country-of-origin and product-of-origin do influence consumer behavior, the image of the company becomes very important. That being said, a superior brand has now become the most critical factor for enhancing value-added goods (Roth & Romeo, 1992).

3. Experiential Purchases vs. Material Purchases

Hamblin (2014) has explained that experiential purchases are purchases one can imagine many possibilities for what an experience will be; however, for a material purchase, one already knows what he/she will get. Hamblin (2014) has also indicated that the utility of buying anything, either an experience or a material, starts before the moment it is acquired. Before buying, benefits of the purchase accumulate during the anticipation time.

Moreover, waiting for an experiential purchase induces more happiness, pleasantness and excitement than waiting for a material purchase (Hamblin, 2014). That is, experiential purchases are more satisfying than material purchases. Nevertheless, experiential purchases are more satisfying than material purchases because experiential purchases are more involved in identity, connection, and social behavior (Hamblin, 2014). Comparing experiential purchases to material purchases, people are less likely to compare the value of their satisfaction to others' (Hamblin, 2014).

Nevertheless, most people have a strong capacity for hedonic adaptation. Things that are constantly exposed overtime will no longer be much appreciated (Hamblin, 2014). Thus, spending money on experiences brings people more enduring happiness than does possessions (Hamblin, 2014). Sometimes, purchasing an experience might mean trying to ‘buy’ a social interaction (Hamblin, 2014). Buy this and you can talk about buying it, and people will talk about you because you have it (Hamblin, 2014, p. 3).

Research (Hamblin, 2014)also indicates that people waiting in lines for experiences are in better moods than those waiting for materials; therefore, people tend to be more generous when they have thought about a purchase of experience, compare to a material purchase (Hamblin, 2014). Lastly, people tend to pursue more social activities when it comes to the situation like “buy this because it is good for society.” Thus, satisfaction and happiness come from pursuing the ‘meaning’ of doing good things to society (Hamblin, 2014).

DISCUSSION

Due to the growing population of coffee drinkers in the world, many business people have paid more attention to the market of the eastern countries. For example, Starbucks has developed a model called ‘Starbuckization,’ representing the ‘McDonaldization’ of the coffee-shop industry. In order to interpret the success of Starbucks, the principles of Starbuckization are used to explain. The concepts are efficiency, predictability, calculability, and the control of non-human technology. Under Starbuckization model, Starbucks is very consistent, considered calculated, and holds the control of non-human technology.

Nevertheless, Starbucks has expanded its business. In the United States, Starbucks used the ‘infill’ strategy, locating its coffee shops fairly close to one another. On the other hand, Starbucks also expanded internationally. Starbucks has expanded its coffee shops dramatically to many international locations since the first coffee shop oversea had opened in Japan in 1996. Furthermore, the expansion of Starbucks often drives small coffee shops out of business. Those small coffee shops are too weak, compare to the strong leader-power behind Starbucks. Thus, to survive in the market, some coffee shop operators will increase their coffee quality or make other commitments to their customers. However, due to Starbucks’ unshakeable market standing and the ‘leadership principles’ behind its success, many coffee shops started to imitate Starbucks.

In fact, problems could exist within homogenization when Starbucks expanded dramatically its coffee shops at international locations. However, only a few researchers raised the issue that injection of foreign coffee culture to an existing local culture could have an impact on the civilization as a whole. For instance, since Starbucks opened the first coffee shop in Taiwan in 1998, Starbucks has become a leading coffee retailer in Taiwan. As the appreciation for coffee culture increased, the beverage market in Taiwan becomes more competitive. Yet, Starbuckization has become a threat to Taiwanese tea culture. Comparing Starbucks' strong market standing to those local tea houses in Taiwan, tea culture has been gradually diminishing.

In addition, the concept of McDonaldization or Starbuckization is initially endorsed by the fast-food industry. Now, the concept has been generalized and used to explain the different phenomenon in various fields of the society. Thus, Starbucks not only serves drinks that are made to suit different tastes of customers, Starbuckization has also widened the range of Starbucks' potential customers. Moreover, Starbucks has become a cultural force. That is, Starbucks has developed another cultural identity for the company by selling other products, such as CDs, books, and movies, conveying the idea of experiential purchases.

According to the research, benefits of a purchase accumulate during the anticipation time before the purchase is acquired. Moreover, waiting for an experiential purchase induces more happiness than waiting for a material purchase, and it leads to better satisfaction with the purchase. Lastly, Starbucks conveys the idea of experiential purchases by providing a good atmosphere for its coffee shops. As experiential purchases become a new culture, buying an experience might mean buying a social interaction, especially in the case of Starbucks.

On the other hand, western culture adoration has been considered as a possible factor in decision-making in beverage consumption. Prior studies have examined the impact of western culture adoration on coffee consumption in Taiwan. Yet, there is a correlation between western culture vanity and western culture adoration in coffee consumption. Moreover, the impact of ethnocentrism was less pronounced than western culture adoration for Taiwanese customers in coffee consumption; therefore, ethnocentrism did not help toning down the impact of western culture vanity on western culture adoration.

Nevertheless, the impact of a well-known domestic brand on consumer preferences was less pronounced than that of a well-known foreign brand of tea. That is, consumers are more likely to purchase foreign-brand tea instead of domestic-brand tea. Besides, country-of-origin and product-of-origin effects also play a critical role in consumers' perceptions of a product, and both have significant impacts on consumer behavior. When the image of a country matches a significant characteristic of the product produced by that country, consumers' willingness to buy that product is high. Overall, western culture adoration has become the most significant factors in consumer preferences and decision-making in beverage consumption.

CONCLUSION

Tea had been the leading beverage in the Taiwan hot drink industry. Since coffee-drinking culture has expanded to the Eastern world, coffee drinking culture has become more familiar and popular in many Asian countries including Taiwan. This paper speculates that many Taiwanese people have altered their preference from tea to coffee causing Taiwanese tea industry to suffer and tea culture to decline. The purpose of this paper is to check this speculation and find out the factors that caused the cultural change of Taiwanese hot beverage consumption.

According to the data, tea sales in Taiwan have declined while coffee sales have increased. Yet, the hot-drink market distribution in Taiwan has altered since consumers tend to buy more convenience-oriented products. However, the most important evidence of Taiwan tea culture loss is the declined number of tea houses while coffee shops enjoying significant increase. This paper has used ‘Starbuckization’ as an example, indicating that the introduction of a foreign culture can cause effects of local culture.

Nevertheless, experiential purchases also involve in Starbucks’ marketing strategy. Yet, the Starbucks effect leads to western culture adoration. A study has shown a positive correlation between western culture vanity and western culture adoration in coffee consumption. Western culture adoration has become the most significant factors in consumer preferences and decision-making in beverage consumption.

FUTURE RESEARCH

This paper only looked at the marketing data from 2005 to 2013. Therefore, future research should keep track the trend of Taiwan hot drink industry in the future years to see if there are changes in assumption trends. Moreover, this paper explained the phenomenon of tea culture loss in Taiwan only with evidences of Starbuckization and western culture adoration. Future research should seek whether there is another reason that is mainly causing the tea culture loss in Taiwan. Does the decline in tea culture correlate with age and gender? Does it correlate with the change in consumer taste or social status? Does it correlate with the change in preference of young generation? Lastly, to overcome the problem of diminishing tradition Taiwanese tea culture, future research should also examine if the experiential purchase would work in the tea industry as it is usually used in the coffee industry.

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APPENDICES

LIST OF TABLES

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