

Heritage Meets Modernity: Corporate Finance Strategies in the Tea Industry and the Economic Role of Digital Media in Market Transformation

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Abstract. This article primarily discusses the situation of traditional industries under the influence of the Internet. With the intensification of globalization and the emergence of new Intelligent Properties, many emerging industries are relying on this opportunity to develop rapidly. However, traditional industries, based on historical culture or regional identity, may lose their competitiveness in marketing because their branding and strategies often rely on static narratives, localized distributions, and labor-intensive production processes. Although the elements they contain are worth inheriting, the prospects of traditional industries are not as bright as those of emerging industries. This study aims to explore how traditional industries can balance cultural preservation with economic development in the digital age. By conducting a comprehensive literature review and analyzing case studies of leading enterprises such as Twinings and COFCO, the article proposes innovative financing strategies for heritage enterprises, examines the role of digital media in modernizing traditional industries, and discusses how to achieve the coordination of culture and economy. The study concludes that integrating traditional values with modern economic practices is essential for the sustainable development of traditional industries, particularly in the tea sector. This integration addresses financial challenges and enhances market competitiveness through cultural inheritance.

Keywords: Heritage industries, corporate finance strategies, social media.

1. Introduction

In present years, the Internet has become a new driving force for consumption, with 65% of Internet users engaging in trading activities [1]. Many Intelligent Properties (IPs) that were previously unknown or newly created have rapidly developed through online platforms [2]. However, many traditional industries, which are mainly based on historical culture or regional identity, lose their competitiveness in marketing. As their branding and strategies are labor-intensive and often rely on static narratives and localized distributions. For example, in Jiangsu, China, Biluochun tea often has surplus raw tea leaves that junior tea farmers cannot sell [3]. This reflects that traditional cultural industries are facing the new changes brought by globalization.

Given these challenges, this article aims to explore how traditional enterprises can achieve a balance between economic survival and cultural protection. Specifically, two main problems are presented. Firstly, how would traditional tea industries reconcile long-term cultural preservation with short-term financial needs. Secondly, how can rapid development of social media impact traditional retail and transform consumer purchasing behaviors, and what strategies can be adopted to address these changes. This paper will analyze case studies and review relevant literature to propose practical solutions for traditional industries.

2. Literature review

2.1. Corporate finance in heritage industries

The traditional tea industry confronts significant financial challenges that severely restrict its development and competitiveness. The challenges include a single financing channel, restricted capital flow, and insufficient profitability [4]. Bermudez pointed out that the tea industry has long production cycle and light asset, which is difficult to meet traditional credit requirements and resulting in restricted financing channels [5]. Mukherjee further emphasized that tea farmers face a limit in cash flow and decline of profitability. These issues limit their ability to obtain bank credit and weaken their capacity for long-term investment [6]. Zhai notes that the insufficiency of financing channels is a persistent challenge for the tea industry, which hinders industrial upgrading and transformation [7]. For example, Tapal Tea, originally a local enterprise but surpassed its competitors such as Lipton, achieved a profit of 6 billion rupees in 2005 and became a best-selling tea brand in Pakistan by 2009. This success can be attributed to organizational restructuring and targeted market analysis [8]. Specifically, Tapal Tea reorganized to improve efficiency and conducted more market research, which helped to identify and meet consumer preferences. These strategies enabled the company to expand its market share and also enhance the profitability [8].

2.2. Branding and financial valuation

Brand recognition and cultural value have a significant impact on the market performance traditional tea products. However, existing research hardly explored the complex and significant relationship between cultural inheritance and brand value [9]. Wang argues that the financial valuation in traditional products depends on physical attributes or market supply and demand, which is also significantly influenced by brand recognition and cultural premium capacity [10]. Besides, Steinfeld illustrates this point by using "Tea with Fireside" as an example. This demonstrates emotional resonance triggered by social media can be transformed into a cultural symbol, thereby achieving brand premium [11]. Despite these insights, existing research often neglects the intricate interplay between cultural inheritance and brand value under globalization. For instance, while Twinings leverages global branding strategy to secure market premium, niche Chinese brands like Ancient Tree Tea and Fuding White Tea emphasize craftsmanship and origin stories to target differentiated markets [12]. These strategies highlight the importance of cultural narratives in building brand value. Global approach of Twinings underscores the power of widespread brand recognition, whereas the focus on local heritage and craftsmanship illustrates that cultural depth can drive consumer loyalty and premium pricing. This duality demonstrates a nuanced understanding of cultural inheritance, which effectively integrated into brand strategy to enhance financial valuation.

2.3. Economic impact of digital media

The rise of digital media profoundly transformed the marketing model and market structure of the traditional tea industry. With high penetration rates, strong social interactivity, and precise user classification, digital platforms become essential tools for engaging consumers and enhancing brand value. However, existing research lacks a systematic analysis of digital media facilitate the transformation of the traditional tea industry, particularly in addressing financial and brand challenges. For example, Caliskan highlighted that short-video platforms represented by Douyin, become the core carriers for the digital transformation of the traditional tea industry [13]. These platforms assist tea producers to reach a broader source of audience and build stronger connections with consumers. Furthermore, Lin & Lee demonstrated through case analysis that repositioning traditional tea products as cultural symbols through immersive storytelling, digital media gained more consumer reliances in tremes of the brand and enhanced consumers' willingness to pay [14]. For example, the Bingdao Tea Fair in Shuangjiang, China, successfully utilized live-streaming to showcase the tea-picking and frying processes, through explaining the intangible cultural heritage skills involved [15]. This strategy resulted in annual sales exceeding 20 million yuan and an impressive repurchase rate of 70%. These figures underscore the potential of digital media to significantly boost sales and consumer loyalty.

2.4. Research gaps and innovation points

There are deficiencies in the existing research, such as the lack of in-depth analysis of the digital transformation of the traditional tea industry and insufficient exploration of the relationship between cultural inheritance and economic performance. This study fills these research gaps by proposing an innovative approach that combines hybrid financial strategies with digital media applications. Although existing research involves financial issues, brand building and the influence of digital media in the traditional tea industry, it lacks systematic integration of these factors. The core viewpoint proposed in this study is about the combination of hybrid financial strategies and digital media applications. The combination can significantly enhance the sustainable development capacity of the traditional tea industry. This perspective resolves the financial predicament of the traditional tea industry and enhances its market competitiveness through cultural inheritance at the same time.

Propositions of this article require further research. First, conducting a further comparison of the financing methods of different tea enterprises is vital, which analyzes their advantages and disadvantages and put specific suggestions forward for different enterprises. Second, conduct an analysis of new media that transforms the marketing model and consumer behavior of the traditional tea industry to propose specific strategies. Third, explore how to combine cultural inheritance with economic performance and propose innovative business models. For the traditional tea industry to achieve sustainable development under digital images, it must seek a balance between cultural inheritance and economic innovation. Brand narratives need to leverage digital media to reshape the stories of tea culture, making them more in line with the interactive needs of modern consumers while preserving historical depth.

For the existing articles, there are few comparisons of the financial strategies in different tea enterprises, which is also attributed to the differences in their scale and regions. Additionally, the influence of media on traditional industries is too general, and the factors involved are so trivial that a large number of articles need to be reviewed to integrate them.

3. Discussion on strategic issues of the heritage industry

3.1. Corporate finance strategies for heritage businesses

This paper proposes two feasible solutions for the financing strategies of tea enterprises. First, bring regional characteristics to the international market and expand sales channels. Build brand awareness to attract consumers to make purchases. After occupying a certain market position, this method pursues selling at a low profit margin but in large quantities and is more scalable. Twinings achieves scalability through a global brand-centered model that emphasizes cultural authenticity as a market asset. Central to this strategy is its investment in cultural certification systems, such as heritage-based product certification. It serves as formal mechanism to institutionalize cultural capital in international trade [16]. Based on these efforts, the company allocates 10% of its early-stage branding budget to acquiring and maintaining such certifications, including international recognition for regional tea-processing techniques and origin-specific practices. Although this increases the early-stage budget, it enables Twinings to position its products in international markets. Thus, it contributes to a return on invested capital (ROIC) over 18% annually. It was a great increase compared to the 12% focusing on domestic market [17].

Secondly, this article advocates that tea enterprises can cooperate with local individual businesses or raw material yards. While emphasizing quality, they aim to build an original ecological tea brand. The analysis of COFCO Tea Industry and Twinings reveals the differences and inspirations in the financing methods of inherited enterprises. Although both companies utilize cultural capital to enhance their profitability, their strategies differ in the logic of capital allocation [18]. COFCO Group prioritizes cooperation with local business owners, such as through initiative that support tea-growing communities. Under government guidance, COFCO has established strategic partnerships with local private enterprises as part of a broader rural revitalization agenda [19]. While this approach strengthens community resilience and aligns with national policy strategies, it also extends the capital return cycle due to the long-term nature of such investments.

Importantly, both plans have their own merits. For COFCO, embedding intangible cultural heritage into high-profit products and converting preservation costs into revenue drivers through higher-quality goods has led to a gross profit margin of over 60% for COFCO [20]. On the contrary, Twinings strikes a balance between standardization and cultural authenticity through global localization: while maintaining the integrity of its core products, it adjusts packaging or marketing to adapt to local markets, thereby minimizing the risk of cultural dilution during the expansion process [18].

Regarding debt management, COFCO's increased strategic partnership budget, due to policy changes, makes it vulnerable to a high leverage ratio (65% price-to-book ratio). As for Twinings, its commitment to environmental, social, and governance and cultural authenticity contributes to long-term brand assets and short-term ROIC [21,22]. Thus, if there is sufficient capital, adopting the first method can reduce subsequent debt risks and offer a better rate of return and development potential.

3.2. New media's role in modernizing heritage industries

As a means of communication, the media break down information barriers. Traditional industries need to rely on the power of the media to expand sales. The rise of new media has fundamentally redefined the relationship between the heritage industry and modernity, and the Li Ziqi phenomenon is a case. Her digital narrative integrates traditional intangible cultural heritage, demonstrating how algorithmic platforms can transform cultural heritage into consumable nostalgia. With over 20

million followers worldwide, her content boosts direct sales and changes consumer behaviors [23]. For example, after her livestream on Douyin or Youtube, sales saw a 200% increase in orders within 24 hours. In addition, feedback from the survey showed that 40% of viewers reported an increase in consumption from her streaming. The audience has transformed from passive purchasers to co-participants of the culture, seeking authenticity.

The Internet endows traditional brands with the ability to narrate stories. By showcasing traditional craftsmanship, consumers can personally experience the essence of traditional products. Therefore, the emotional premium will enhance the commercial value of such products. Crucially, this model demonstrates that digital interaction can bypass the pitfalls of commercializing traditional heritage, enhance the audience's appreciation ability, and go beyond transactional interaction.

However, the Li Ziqi phenomenon also reveals the inherent tensions in digital cultural mediation. Although her romanticized depictions have enhanced the appeal of the mainstream, critics argue that they may overly simplify complex traditions. However, the data indicate that this carefully planned authenticity strategically balances scalability and integrity. Her Taobao product line maintains a handcrafted brand, with a premium 30 to 50% higher than that of her competitors [24]. At the same time, she uses blockchain to enhance supply chain transparency, thereby aligning consumer trust with cultural protection. More broadly speaking, the heritage industry must recognize that the power of new media lies in the integration of diverse narratives.

Ultimately, new media is not merely digitizing heritage; it also reimagines the social role of heritage. Under the influence of this new media, scalability and algorithm personalization have become tools to maintain relevance, provided that the core values remain unchanged [25]. Just as Li Ziqi's brand valuation of 150 million US dollars proves, when cultural narratives are designed for the digital age, heritage transforms from a relic into a lucrative and far-reaching renewable asset.

3.3. Cultural and economic synergy

Traditional industries need to preserve cultural authenticity as they develop. Traditional craftsmanship is not merely a commodity; it is also a carrier of history, skills, and regional culture. If a product is completely commercialized while neglecting its cultural connotation, it will lose its differentiated advantage and become indistinguishable. More importantly, traditional culture needs to be passed down and promoted. Especially for enterprises that rely on traditional IPs for business, they should have a sense of awe towards maintaining traditional craftsmanship.

The symbiotic relationship between cultural heritage and economic strategy is most powerfully demonstrated when traditional practices are redesigned as differentiated value propositions in the modern market. For example, Lycra with traditional techniques over a century allows the company to charge 40% more than market average. Brands like COFCO Tea that have passed the intangible cultural heritage certification can earn a premium of 30-50% [20]. By embedding cultural authenticity in product design and brand building, enterprises can transform historical heritage into competitiveness. China's tea industry is a case in point. This is a marketing strategy or a strategic lever against commercialization.

Cultural integration promotes the resilience of the supply chain. For instance, Japanese lacquerware artisans have collaborated with Toyota's lean production system, reducing waste by 40% while preserving the centuries-old lacquerware techniques [26]. Similarly, mezcal producers in Mexico have reaped three times the profit in the luxury goods market by using blockchain to trace agave cultivation back to the terroir before Spain [27]. Tradition is no longer a cost center for protection but an expandable framework of intellectual property rights, within which culture becomes a valuable asset that generates royalties without the need for large-scale industrialization.

Importantly, this synergy extends beyond the tea industry. The slow food movement in Italy has demonstrated how to scale local cuisine without being eroded by commercialization: By incorporating regional recipes into the protected names of the European Union, companies such as Parmigiano Reggiano have balanced standardization and terroir microbial cultivation, accounting for 80% of high-quality cheese exports. Similarly, the Indian hand-loom industry uses platforms such as Jaypore.com to market traditional sari weaving as slow fashion. Despite the relatively high prices, the annual growth rate still reaches 25% [28].

However, risks arise when business logic overrides cultural management. The "Starbucks" transformation of Turkish coffee, where automated machines replaced coffee pots in franchises, initially boosted sales but diluted the sensory legacy, triggering a backlash from consumers. The value of a commodity stems from sales traditions and from planning immersive narratives, making traditions an indispensable part of modern identities [29]. Therefore, traditional enterprises should achieve a synergy between culture and economy.

4. Conclusion

This study has explored the challenges faced by the traditional tea industry in the era of globalization and the Internet, focusing on how to maintain cultural connotations while achieving economic survival, as well as how to cope with the impact of social media on traditional retail and consumer behavior. The research reveals that the sustainable development of the traditional tea industry hinges on the deep integration of culture and economy. Through strategies such as expanding into international markets and collaborating with local businesses, companies can break through financial bottlenecks and achieve scalability. Meanwhile, the rise of digital media has revolutionized the marketing models of traditional tea businesses. By leveraging immersive storytelling and repositioning cultural symbols, companies can enhance consumer trust and willingness to pay, thereby increasing the economic value of their products. Additionally, safeguarding cultural authenticity remains a crucial bottom line for traditional tea businesses. Only by embedding traditional craftsmanship and cultural connotations into product design and brand building can companies stand out in fierce market competition and achieve differentiated competitive advantages.

Despite the insights gained into the digital transformation pathways of the traditional tea industry, this study acknowledges several limitations. Firstly, in terms of case selection, the research primarily focuses on large enterprises such as Twinings and COFCO. These companies possess substantial resources and market influence, and their successful experiences may not be entirely applicable to small and medium-sized enterprises (SMEs). SMEs face more severe challenges in financing channels, brand promotion, and market expansion. Future research needs to pay more attention to this group, analyzing their unique needs and difficulties in the digital transformation process to provide more targeted strategic recommendations. Secondly, the study falls short in quantifying cultural authenticity. Cultural authenticity is one of the core competitive advantages of the traditional tea industry, yet there is currently a lack of effective quantification indicators and assessment methods. This makes it difficult for companies to balance cultural preservation and commercial interests. Future research should strive to develop scientific and rational quantification tools to more accurately measure the manifestation of cultural authenticity in product value and support corporate decision-making. Lastly, the discussion on risks associated with digital media is not in-depth enough. Although the study uses the example of Li Ziqi to illustrate the significant role of digital media in brand promotion, the analysis of the sustainability and platform dependency risks of this model is insufficient. In the digital age, changes in platform policies, algorithm adjustments,

and intensified market competition can all have a significant impact on brand development. Companies need to develop corresponding risk management strategies in advance to cope with potential uncertainties.

Based on the aforementioned limitations, future research could explore several directions. First, there is a need for in-depth studies on the digital transformation strategies of SMEs. SMEs hold an important position in the traditional tea industry, but research on their digital transformation is relatively scarce at present. Future research should focus on the financing channel expansion, brand-building paths, and market expansion strategies of SMEs, exploring how to enhance their competitiveness through digital means and promote their sustainable development. Second, quantification research on cultural authenticity should be conducted. Quantifying cultural authenticity is a complex issue that requires considering multiple factors such as cultural connotations, traditional craftsmanship, and consumer perceptions. Future research can draw on quantification methods from other fields and combine them with the actual situation of the traditional tea industry to build a scientific and rational quantification indicator system. This will provide a basis for corporate cultural preservation and commercial innovation. Third, a deeper exploration of risk management strategies for digital media is necessary. As the role of digital media in brand promotion becomes increasingly prominent, companies need to pay more attention to risk management. Future research should analyze the operating mechanisms and risk characteristics of digital media platforms, exploring how to reduce corporate platform dependency risks through diversified marketing channels, brand backup plans, and in-depth cooperation with platforms. In addition, further research could be conducted on the long-term mechanisms of cultural and economic synergy, as well as how to promote the overall transformation and upgrading of the traditional tea industry through policy guidance and industry alliances, achieving a virtuous interaction between cultural inheritance and economic development.

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