Proceedings of ICFTBA 2026 Symposium: Driving Organizational Strategic Change for Financial Gains
DOI: 10.54254/2754-1169/2026.BH38857

Traditional Chinese Cultural Branding and Premium Positioning: A Critical Evaluation of CHAGEE's Marketing Strategy

Shitong Su

School of Arts Languages and Cultures, University of Manchester, Manchester, UK
shitong.su@student.manchester.ac.uk

Abstract. China's freshly brewed tea market is growing rapidly, making cultural branding a key differentiator. This study explores how CHAGEE leverages traditional Chinese culture to build a premium brand position. It addresses three questions: (1) How cultural branding shapes its segmentation, targeting, and positioning, (2) How positioning is executed through the marketing mix—product, price, place, and promotion, and (3) What challenges threaten brand authenticity, perceived customer value, and message consistency. Using a qualitative single-case study approach, the research analyzes CHAGEE's official materials, industry reports, and academic literature. Findings show that CHAGEE targets urban consumers who prioritize tea quality, convenience, and brand experience. Its premium positioning is built through origin-sourced leaf tea, culturally resonant product names, heritage-inspired packaging, minimalist-store aesthetics rooted in Chinese design principles, and digital storytelling that modernizes tea culture. These elements jointly deliver both functional value (e.g., freshness, taste) and symbolic value (e.g., identity, tradition)—anchored firmly in tea itself as the core product. However, "premium" positioning alone does not automatically translate into higher willingness-to-pay, repeat purchases, or loyalty. Rapid physical expansion, inconsistent service quality across stores, and overuse of promotions risk diluting brand authenticity and eroding perceived value. The study concludes that cultural branding sustains differentiation only when grounded in three pillars: reliable product quality, demonstrable customer value, and consistently delivered service experiences.

Keywords: CHAGEE, cultural branding, premium positioning, STP, marketing mix

1. Introduction

China's freshly brewed tea market has grown rapidly and become highly competitive. In 2024, the instant tea and beverage shop sector is projected to exceed USD 49 billion, growing at 6.4% annually [1]. With brands offering similar products, digital ordering systems, and store formats, meaningful differentiation is now essential. Cultural branding—linking products to authentic cultural narratives, symbols, and identities—offers a powerful route to stand out. Founded in Yunnan in 2017, CHAGEE specializes in freshly brewed leaf tea and fresh milk. It positions itself as a modern reinterpretation of Chinese tea culture—making tradition relevant to contemporary urban

© 2026 The Authors. This is an open access article distributed under the terms of the Creative Commons Attribution License 4.0 (https://creativecommons.org/licenses/by/4.0/).

DOI: 10.54254/2754-1169/2026.BH38857

life [2]. This positioning is consistently expressed through culturally resonant product names, minimalist-yet-heritage-inspired packaging, tea-house-inspired store design, and digital storytelling. CHAGEE thus serves as an ideal case for studying how cultural branding enables premium positioning.

Yet visual symbolism alone cannot sustain brand authenticity or perceived value. Long-term success depends on alignment across four pillars: product quality, traceable raw materials, consistent service delivery, and operational integrity. Rapid domestic and international expansion risks diluting this alignment—especially between product experience, physical stores, and cultural messaging. These tensions warrant rigorous examination. This study addresses three questions: (1) How does CHAGEE embed cultural branding into its segmentation, targeting, and positioning (STP)? (2) How is that positioning executed through the marketing mix—product, price, place, and promotion (4P)? (3) What challenges threaten the brand's authenticity, perceived customer value, and message consistency? Using a qualitative single-case study approach, the research analyzes CHAGEE's official communications, industry reports, and academic literature. It first maps the brand's STP and 4P strategies, then critically evaluates the key implementation challenges facing its cultural branding effort.

2. Theoretical framework

This chapter introduces the key theories used to examine CHAGEE's cultural brand strategy. Cultural brand theory forms the core theoretical perspective of this study. Subsequently, the STP model and the marketing mix model are applied to analyse how the brand constructs and implements its cultural positioning. Finally, the strengths and potential limitations of this strategy are assessed using brand authenticity, customer perceived value, and brand consistency as evaluation criteria.

2.1. Cultural branding

Cultural branding refers to the use of cultural meanings, values, symbols, and stories to build a unique brand image. These elements can shape consumers' understanding of the brand and link the brand with consumers' self-identification or lifestyle. Therefore, in addition to the practical value of the product, cultural branding also creates symbolic value.

This method is especially suitable for products with deep cultural backgrounds. Tea has a long history in Chinese society and is closely related to traditional lifestyles and values. Modern tea brands can express these cultural connotations through product names, packaging, store design, and communication activities. However, the use of traditional patterns or colours alone may only create a cultural appearance but may not truly reflect the product characteristics or the overall brand strategy. Effective cultural branding requires cultural elements to be closely connected with the product's function and brand image, because such congruence may strengthen consumer identification and purchase intention [3]. In this study, cultural branding is therefore used to examine how CHAGEE transforms traditional Chinese tea culture into contemporary brand meaning and differentiation.

2.2. The STP model

The STP model consists of three parts: segmentation, targeting and positioning. Segmentation divides consumers into groups based on relevant differences in their characteristics and behaviour, allowing firms to develop more appropriate targeting strategies [4]. Targeting refers to the selection

DOI: 10.54254/2754-1169/2026.BH38857

of specific consumer groups. Positioning focuses on the value and image that the brand seeks to establish in the minds of these consumers.

In this study, STP is used to examine which consumers CHAGEE seeks to attract and how Chinese cultural meanings contribute to its premium positioning through perceived quality, experience, and symbolic value. Premium positioning can be reflected in high perceived product quality, a price level that signals superior value, a distinctive customer experience, and symbolic value associated with the brand. Consumers may value tea quality, convenience, cultural identity and visual design in different ways. The model therefore connects these differences with CHAGEE's target market and intended position.

2.3. The marketing mix model

The marketing mix includes the 4Ps: Product, Price, Place, and Promotion. Product covers CHAGEE's drinks, ingredients, product names, packaging, and menu. The price factor focuses on whether the pricing supports the expected quality and high-end image. Place includes store locations, store design, and digital ordering. Promotional elements include advertising, social media promotion, and cultural storytelling.

The model links the expected positioning of the brand with the actual experience brought to consumers. It helps to examine whether CHAGEE has implemented its cultural positioning in various marketing activities and can identify the possible gap between brand communication and actual delivery. For example, cultural packaging may create a premium image, but if the product quality or service is poor, it may weaken its perceived authenticity or brand credibility.

2.4. Brand authenticity, brand consistency and customer perceived value

Brand authenticity refers to whether consumers believe that the brand is genuine and faithful to its claimed brand positioning. Brand authenticity can be assessed through continuity, credibility and integrity, which may strengthen consumer engagement and willingness to pay a premium [5]. For tea brands that focus on cultural positioning, their cultural connotation must be supported by corresponding products and commercial activities. Therefore, raw materials, product names, packaging and store design should convey relevant cultural concepts. The Chinese-style logo may improve the recognition, but it cannot prove that the brand has a truly authentic cultural heritage.

Brand consistency refers to whether a brand can consistently present its core characteristics in different stores and channels. Consumers should experience a consistent level of product quality, service experience and brand feeling. Although local adaptations may change some design or communication details, the core cultural positioning of the brand must remain clear. If the quality or service is uneven, it will weaken this positioning and reduce the trust of consumers.

Customer rerceived value is determined by whether consumers believe that the benefits obtained match the costs paid. Perceived value may include functional, emotional and social benefits, and research indicates that it can connect brand authenticity with purchase intention [6]. The cost may include price, waiting time, and other efforts required for the purchase, the benefits include taste, raw material quality, convenience, packaging and store experience, etc. Cultural connotation can give brands emotion and symbolic value, but high prices will also raise consumers' expectations. Once the product quality or service fails to meet these expectations, cultural design alone will not be able to maintain the perceived value of customers.

Together, these concepts provide an evaluation framework for this study. Cultural branding establishes the cultural meaning and positioning of the brand, while the 4Ps determine how this

DOI: 10.54254/2754-1169/2026.BH38857

positioning is communicated and experienced. Brand authenticity, consistency, and customer-perceived value are then used to evaluate whether the cultural positioning is credible, consistently delivered, and valuable to consumers.

3. CHAGEE's segmentation, targeting and positioning strategy

3.1. Market segmentation

CHAGEE's potential consumers can be segmented into three broad groups based on their primary consumption needs. The first category pays attention to product quality and attaches importance to tea fragrance, fresh milk, and transparent ingredient information. The second category pays attention to convenience, including digital ordering, fast meal pick-up, and store ease of access. The third category focuses more on experience, such as packaging, store design, and brand culture. There may be overlap between these subgroups, because the same consumer may value quality, convenience, and cultural experience at the same time. This demand-based segmentation is more useful for this analysis than relying solely on age, because it can explain the reason why consumers choose the product.

3.2. Target consumer selection

Based on its product offering, pricing, store locations, and communication, CHAGEE can be interpreted as primarily targeting urban consumers who seek a higher-quality tea experience combined with convenience. These consumers may also be more willing to pay for perceived quality and experience than high-price-sensitive consumers. They may also value information about ingredients, digital services, and modern cultural design. CHAGEE's emphasis on quality, health, and convenience confirms this market positioning [7]. However, the company's official information does not indicate that all target consumers have the same cultural interests [4].

This group should not be defined solely by age or occupation. Research shows that age, educational background, and income level do affect the acceptance of innovative tea products, but these factors do not fully explain purchasing decisions. When the demand is similar, students and office workers may belong to the same market segment. The products they seek should not only integrate into daily life but also provide value beyond ordinary drinks. CHAGEE can reach these consumers through urban stores and digital platforms. Cultural design may enhance the attractiveness, but product quality and convenience are still the practical motives for repurchase.

3.3. Premium cultural positioning

CHAGEE presents itself as a more premium tea brand, the core of which is the modern interpretation of Chinese tea culture [7]. In this context, cultural meaning is reflected in tea-making traditions, appreciation of tea quality, and social practices surrounding tea consumption. These connotations are directly related to the product, making the foothold of the brand positioning much more solid than simple visual decoration.

The traditional way of drinking tea often requires time and tea sets and relevant knowledge. CHAGEE draws on selected elements from traditional tea drinking customs and transforms them into convenient forms suitable for daily consumption. It does not copy the complete traditional tea ceremony but presents tea culture through standardised tea products, making it easier to buy and understand. This process can be regarded as a kind of cultural transformation: traditional tea-related

DOI: 10.54254/2754-1169/2026.BH38857

meanings are selectively adapted into a standardised and convenient contemporary consumption format. Product name, packaging, and visual design help to improve the recognition of brand positioning. The value of these elements depends on whether they can be closely related to the tea product itself. Research shows that when Chinese cultural elements match the product function and brand image, the effect is better [3]. For CHAGEE, this connection is particularly close, because tea is both its core product and the source of its cultural connotation. The quality of tea provides functional value, while the cultural connotation gives the brand emotional and symbolic value.

Therefore, CHAGEE's positioning can be interpreted as offering a relatively premium tea experience in an accessible everyday format. It organically combines the convenience of daily drinks with the function and symbolic value of Chinese tea culture. However, this is only the positioning expected by the brand. To establish this status, objective evidence is needed that consumers do recognise the quality and cultural values they promise.

3.4. Cultural differentiation from competitors

A comparison of brand positioning with other major tea brands helps clarify CHAGEE's intended differentiation. HEYTEA emphasises inspiration, product innovation and modern tea experience, Nayuki combines ready-made tea with baking products and social space [8, 9]. In contrast, CHAGEE's products and culture are more focused: it takes raw leaf tea as the core to create products and build a brand image around modern Chinese tea culture. The above comparison only reflects the expected positioning of the brand and does not represent the ranking or evaluation of consumers of these brands.

The mere use of Chinese cultural elements does not constitute an absolute advantage, because other tea brands also adopt similar cultural designs. CHAGEE's potential differentiation lies in the close combination of its tea-based products and cultural image. This combination gives the brand a clear positioning, but whether its competitive advantage can be truly established also depends on whether the marketing combination strategy can fulfil this brand commitment.

4. CHAGEE's cultural marketing mix

4.1. Product strategy: managing product layers

The product hierarchy model distinguishes between the core benefit, the actual product, and the augmented product. For CHAGEE, its core value is tea drinks that are both cultural and convenient. Actual products include tea, milk, product name, packaging, and visual design, digital ordering, nutritional information and customer services can be regarded as augmented elements that support the overall consumption experience [7]. When cultural elements are in line with product functions and brand image, they can provide strong support for physical products [3]. However, product names and packaging are easy to be imitated, so the long-term differentiation advantage still depends on product quality and the added value provided through services.

4.2. Price strategy: value-based pricing

CHAGEE's premium positioning can be assessed through the relationship between its pricing and customers' perceived value. The cost of the product constitutes the lower price limit, while the perceived value of customers sets the upper limit of the price, and the price of competitors provides a reference benchmark. Although the cultural connotation can improve the perceived benefits of

DOI: 10.54254/2754-1169/2026.BH38857

customers, its monetary value cannot be directly preset. Without evidence of consumers' willingness to pay, the price alone cannot demonstrate whether consumers recognise the cultural value embedded in the brand. The price reflects the decision-making of the enterprise, but it does not directly prove that consumers recognise the brand positioning.

4.3. Place strategy: distribution intensity

CHAGEE combines physical stores with digital ordering, which increases product accessibility while allowing the brand to maintain a relatively standardized customer experience [7]. However, store expansion alone does not demonstrate the effectiveness of its distribution strategy. Store location, service quality, and digital integration are more important for maintaining the intended brand experience. If these elements vary substantially across stores, rapid expansion may weaken consistency and reduce the effectiveness of the premium positioning.

4.4. Promotion strategy: integrated communication

For CHAGEE, integrated marketing communication should communicate its tea quality, Chinese cultural identity, and premium positioning consistently across advertising, packaging, stores, and digital platforms. Although promotional activities can stimulate short-term sales, their contribution to long-term brand preference depends on whether they reinforce the brand's core positioning. Frequent discount activities may also conflict with high-end pricing strategies. Social media and user-generated content can increase consumer participation while also allowing consumers to reinterpret and reshape the brand's cultural meaning beyond the firm's direct control. The credibility of communication depends on the consistency between brand propositions and business practises [10]. Therefore, promotional effectiveness should be evaluated not only by online exposure but also by whether communication reinforces the product value and intended brand positioning.

5. Critical evaluation of CHAGEE's marketing strategy

CHAGEE's strategy should be evaluated through its ability to create customer value, justify premium pricing and maintain consistent delivery during expansion.

5.1. The advantages of cultural branding

The main advantage of CHAGEE is that its cultural connotation is highly compatible with its core products. Tea is deeply embedded in Chinese cultural history and consumption practices. Therefore, culturally meaningful product names and visual elements can strengthen the cultural associations of the product. The research of Shi and Jiang found that the consistency between Chinese cultural elements, product functions and brand image can enhance consumers' sense of identity and willingness to buy [3]. CHAGEE reinforces this positioning across multiple customer touchpoints, including raw materials, packaging, stores and digital orders. This consistency helps to reduce consumers' perceived risk and supports their premium pricing strategy. However, the maintenance of this advantage depends on the stability of product and service quality.

5.2. Challenges and potential risks

The brand's intended premium positioning does not necessarily translate into consumers' willingness to pay or repurchase behaviour. The ready-made tea market offers many substitutes, making it

DOI: 10.54254/2754-1169/2026.BH38857

relatively easy for consumers to switch between brands. Its convenient consumption format may also encourage consumers to focus primarily on product functionality and convenience rather than the cultural meanings behind the brand. Perceived authenticity can increase engagement and willingness to pay a premium, high prices are often accompanied by high expectations [5]. Once there are problems such as poor taste, unclear ingredient information or inconsistent service, consumers' willingness to buy will decline rapidly.

Business expansion brings another important risk. Although the broader channel layout improves accessibility, it also increases the difficulty of quality control and brand communication management. Research shows that consumers' perceptions of channel integration depend on the consistency of experiences across different touchpoints [11]. If there is a difference in experience between stores, digital ordering systems and social media platforms, it may weaken CHAGEE's brand positioning. Although user-generated content can improve brand exposure, exposure does not represent loyalty. In addition, frequent discounts may generate short-term sales while lowering consumers' reference price.

5.3. Strategic suggestions

First, CHAGEE should measure the willingness to pay, repurchase rate, and satisfaction of different consumer groups to verify whether the cultural connotation is really transformed into customer value. Secondly, brands should consolidate the foundation of core products and additional products through stable tea quality, transparent ingredient information and reliable services. Cultural-level design should always be related to these substantive interests. Third, in the process of expansion, regular quality inspection and unified service standards should be implemented to ensure that stores, digital ordering systems and social media provide consistent product information. Price promotion activities should be carried out moderately, and the repurchase rate rather than instant sales should be the main indicator for evaluating the effectiveness. Through these measures, the brand can strongly support its high-end positioning with proven customer value and consistent service experience.

6. Conclusion

This study explores how CHAGEE uses traditional Chinese culture for branding through the STP model and marketing combination strategy to support its high-end market positioning. Analysis shows that CHAGEE has established a clear brand positioning, and the target audience is urban consumers who attach importance to tea quality, convenience and brand experience. The brand closely combines raw leaf tea products with product naming, packaging design, store style and digital communication with cultural connotation. In view of the natural connection between tea and Chinese culture, these cultural elements are highly compatible with core products and can create functional, emotional and symbolic values. Therefore, the synergy of marketing elements such as product, price, channel and promotion jointly conveys consistent brand positioning.

However, the consistency of positioning is not equivalent to market effectiveness. The established positioning of CHAGEE does not directly prove that consumers have the corresponding willingness to pay, repurchase behaviour or long-term loyalty. There are a large number of substitutes in the ready-made tea market, and the cost to consumers to change brands is low. The high-end pricing strategy also raises consumers' expectations for taste, raw material quality and service level. Although rapid expansion has improved the convenience of consumption, it has also increased the difficulty of maintaining service consistency. Although discount activities and brand promotion can

DOI: 10.54254/2754-1169/2026.BH38857

increase sales or exposure in the short term, they may not establish lasting brand preferences. Only when the cultural connotation is strongly supported by reliable product quality, transparent raw material information and consistent services of online and offline stores can CHAGEE's high-end positioning be truly recognised by the market.

References

[1] United States Department of Agriculture Foreign Agricultural Service. (2025, June 4). Unlocking opportunities in China's $170 billion beverage market [Internet] [cited 2026 Aug 9]. Report No.: CH2025-0122. Available from: https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Unlocking+Opportunities+in+Chinas+170+Billion+Dollar+Beverage+Market+_Beijing+ATO_China+-+People%27s+Republic+of_CH2025-0122

[2] CHAGEE. About us [Internet] [cited 2026 Aug 11]. Available from: https://www.chagee.com.sg/en/about

[3] Shi, J., & Jiang, Z. (2023). Chinese cultural element in brand logo and purchase intention. *Marketing Intelligence & Planning, 41*(2), 171–185. Available from: https://doi.org/10.1108/MIP-04-2022-0175

[4] Yin, H., & Fang, E. S. (2024). Clustering consumer adoption behavior with respect to innovative tea products in the Chinese market. *Beverages, 10*(3), 72. Available from: https://doi.org/10.3390/beverages10030072

[5] Kumar, V., & Kaushik, A. K. (2022). Engaging customers through brand authenticity perceptions: The moderating role of self-congruence. *Journal of Business Research, 138*, 26–37. Available from: https://www.sciencedirect.com/science/article/pii/S0148296321006366

[6] Papadopoulou, C., Vardarsuyu, M., & Oghazi, P. (2023). Examining the relationships between brand authenticity, perceived value, and brand forgiveness: The role of cross-cultural happiness. *Journal of Business Research, 167*, 114154. Available from: https://www.sciencedirect.com/science/article/pii/S0148296323005131

[7] CHAGEE Holdings Limited. (2026, April 29). Annual report on Form 20-F for the fiscal year ended December 31, 2025 [Internet]. https://www.sec.gov/Archives/edgar/data/2013649/000110465926050766/cha-20251231x20f.htm

[8] HEYTEA. (n.d.). Brand [Internet]. https://www.heytea.com/brand

[9] Nayuki Holdings Limited. (2024, April 29). Annual report 2023 [Internet]. https://www.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042902426.pdf

[10] Bulmer, S., Palakshappa, N., Dodds, S., & Harper, S. (2024). Sustainability, brand authenticity and Instagram messaging. *Journal of Business Research, 175*, 114547. https://doi.org/10.1016/j.jbusres.2024.114547

[11] Salvietti, G., Ieva, M., & Ziliani, C. (2025). Driving channel integration perception in omnichannel environments: The role of touchpoints. *Journal of Product & Brand Management, 34*(1), 6–20. https://www.sciencedirect.com/org/science/article/pii/S1061042124000210