

PENETRATION INTO EUROPEAN UNION TEA MARKET

A dissertation submitted to the
Faculty of Animal Science and Export Agriculture
Uva Wellassa University
In partial fulfillment of the requirements for the award of the
Degree of Bachelor of Science in Tea Technology & Value Addition

By

NIPUN NADEERA WISNAGALAGE

**Faculty of Animal Science and Export Agriculture
Uva Wellassa University**

2012

ABSTRACT

Increase of the revenue from tea is lower than the cost of production rise. Therefore market penetration was identified as a method to increase the demand for Ceylon tea and increase the revenue. Since a very low quantity is exported to EU region, it is important to pay attention on that market. Objective of this study was to identify the significant factors affecting on penetration into EU tea market. Data was collected through a standard questionnaire. Thirty large and medium scale tea exporters were interviewed. Personal interviews were conducted to obtain deeper knowledge about the subject under study. Collected data was analyzed using multiple regression model using MINITAB 14 statistical package. The p-value of the overall model is 0.000, Therefore the overall model is significant. Value addition, quality, distribution procedure, market experience, Ways of approaching new markets and failure rate were identified as significant. Based on the response of the exporters alternatives, competition, investment, bilateral trade agreements between EU and competitors, market knowledge also important to penetrate in to the EU tea market. Several interactions among factors were also identified through correlation analysis.

Key words – European Union, Market penetration, Ceylon tea, Promotion, Quality