

## Revisiting the trends of Covid-19 pandemic to shape the export-oriented beverage sector in Sri Lanka

W.M.T.B. Weddagala\*, D.A.M. De Silva, R.K.C. Jeewanthi, N.S.A. Senarathne, W.B.C. Wijayamunige

*Sabaragamuwa University of Sri Lanka, Belihuloya 70140, Sri Lanka*

*\*tharaka\_92@hotmail.com*

### 1. Introduction

World has experienced a devastating health pandemic which has influenced almost all the sectors around the world. Export industry is one of the prominent industries panicked due to the shock and tensions evolved by the COVID-19 pandemic (Roshana et al., 2020). Beverage industry in Sri Lanka was renown to the world due the production and exporting of world best quality tea since the colonial era. By taking the ongoing disruptions into consideration, the pandemic allows to rethink about creating an efficient market for food and beverages (Chowdhury et al., 2020). Beverage industry performance in Sri Lanka has decreased by 4.5 percent in first quarter of 2020. Impose restrictions has crippled the economic activities further including the exports (Goolsbee & Syverson, 2021). Food and beverage sector has contributed 4.7 percent to the 2020 exports earning (Central bank of Sri Lanka, 2020). In early stages of the pandemic, a trend of increased hot beverages consumption was exhibited in the international market (Pieroni et al., 2020). Identification and capitalization of opportunities immediately were resulted high gains such as Canadian agriculture industry recorded an economic boom by 11%. Only a hand full of studies have eyed to evaluate the impact of the pandemic to other industries and none of the studies were conducted to capitalize the potential opportunities. The study aims to identify the beverage industry trends during the pandemic in Sri Lanka and identify the possible new opportunities in the world to capture the new markets.

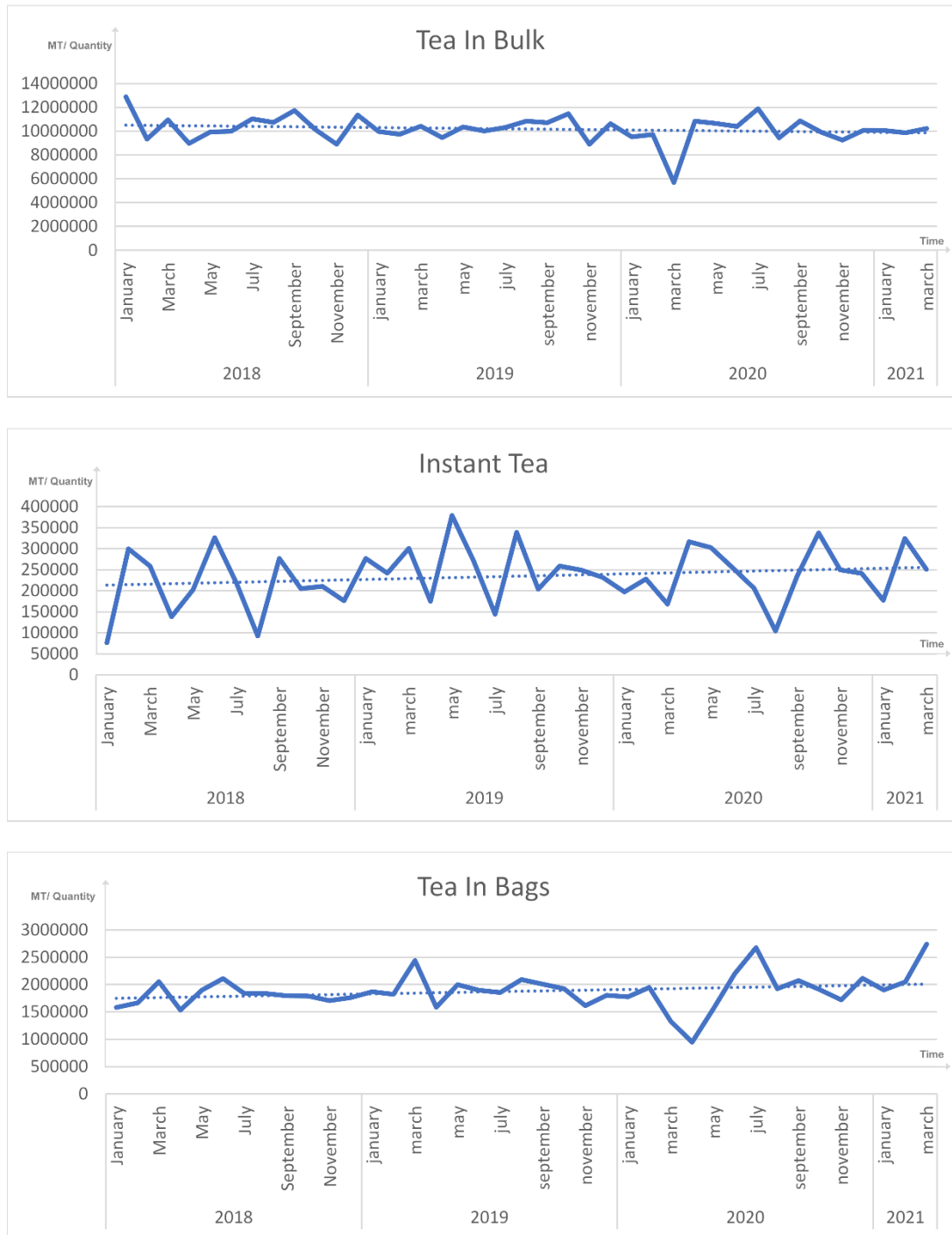
### 2. Materials and Methods

Research methodology of this study was best described as mixed methods, comprising of quantitative data of export quantities of beverages used for trend analysis from 2018 to 2021 March for export-oriented beverage market using moving average forecasting. Qualitative data collection by key informant interviews were deployed to gather data to identify the potential opportunities and markets. Behaviour of the industry performance was analysed based on the export volumes and export earnings. Trend analysis was conducted with secondary data sources of all resisted beverage exporters under Sri Lanka Export Development Board (EDB), Sri Lanka Customs and data base of Forbes & Walker Tea Brokers (Pvt) Ltd. Key informant interviews (15) and structured telephone interviews (11) were used to extract the new market information.

### 3. Results and Discussion

The study identified the export-oriented beverage industry in Sri Lanka has affected by the COVID-19 pandemic and the activities were restricted due to various impediment including travel restrictions, curfews and closing down the ports. Fifteen major categories (Bulk tea, tea Bag, Green tea, Herbal tea, White tea, Flavoured tea, Herbal Infusion, Ice tea, Coconut water, Coffee beverages, Fruit beverages, Carbonated drink, Dairy products, Chocolate drinks, Alcoholic beverages) were identified by the research via analysing the product categories of each registered exporters related to export-oriented beverage industry. Online directory of the beverage exporters (203) at Export Development Board online platform were analysed with the product sub categories. Majority of the exporters (93.75%) in the beverage industry of Sri

Lanka were identified as Ceylon tea related product exporters. The results provide significant insights of increasing trend in exporting the value-added forms of Ceylon tea products. Export figures of instant tea have indicated the level of increasement in export quantities during the pandemic. Figure 01 explain the exports of tea bags forms also deployed an increasing trend during the pandemic and most importantly, analysis has not recognized a significant increment of exports in the form of bulk tea or non-value-added tea.



**Figure 1. Export trend in bulk tea, instant tea and tea in bags**

Industry experts and key informants have confirmed the demand for the value-added forms of beverages have increased during the pandemic. By the analysis the data indicated the tea sector

has severely affected during the inception of the pandemic in March 2020. Colombo Tea Auction was responsible for exporting around 90% of the Ceylon tea to global destinations while weekly an average of 6,000 - 7,000 MT was purchased through the platform. Government decision on taking the tea auction on in to online platform created a huge impact in revenue generation. If the tea auction was not be able to operate in online platform, it could have been resulted devastating consequences to the industry since the ground level production was continued with the usual capacity. Prompt implementation of strategies to mitigate the adverse effects helped to regain the performance. Further, the export data of beverage sector has indicated a behaviour in increasing trend towards the Chinese market. Study has recognized the importance of digitalization of the market which allows value-chain members to participate in the business activities even during the pandemic conditions accordance with the information extracted from key informants. Beverage industry consists of a crying need to convert the less and non-value-added forms to high value-added forms which has a high demand during the pandemic.

#### 4. Conclusions

Study recognized 93.75% of concentration of tea related products in the export-oriented beverages industry in Sri Lanka. Industry has recognized digitalization activities will result to efficient the market activities and positive trends in digitalization of market. Tea related products were gaining profits back to country due to adaptation to digitalized market platforms. Lack of flexibility in manufactures and exporters to adopt to the new normal situation and product diversification have resulted losing the potential markets. Improvement of the demand towards the value-added products and increasement the Chinese market demand were identified as a positive trend in exports and market diversification.

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