

A Brief Introduction to Tea

India is the largest producer and the largest consumer of tea in the world. Tea constitutes an important part of Indian life. Basically it serves the following purpose,

- As a stimulating hot drink,
- A trade commodity,
- A major export item, and
- As daily income for more than one million workers.

As special as tea is, the gardens too cannot be developed everywhere but in special climatic conditions. The tea bush known as *Camellia Sinensis* grows in loose, deep, acid soil, at high altitude, with summer and autumn rain, in a little heat and little wind. In these climatic conditions most of the plants die but the tea bush flourishes fantastically.

If left to their own devices, the tea bushes grow to a height of 50 ft, but this becomes impractical for the tea pickers and hence they are trimmed and kept at an approachable level of 4 ft. The finest tea comes from elevations of 900 to 2100 meters.

A tree plant matures in three to five years and produces a flush, the growth of new shoots. Each shoot consists of few leaves and a bud. At low altitude the growth of the tea bush is so rapid in the growing seasons that they need picking every few days to ensure that only the best tips are plucked. The best tips are those young and tender. Because of this the tea industry becomes labor intensive. At higher altitudes it takes as long as two weeks to grow a flush. Tea plants do not produce flushes in cold weather.

Today tea is grown in more than 25 countries around the world. It is cultivated as a plantation crop, grows well in acidic soil, and a warm climate with at least 50 inches of rain per annum. Tea's flavors, quality and character are completely dependent on the region, the altitude, the type of soil and the climate in which it is grown.

Besides factors such as geography and climate, the fate of tea is also dependent on human touch. Since all tea comes from one plant, the way it is processed is the artistry we taste in the final cup.

If the leaves are immediately dried and then heated (steamed) or fired, the tea leaves remain green, retaining the distinctive flavors and health benefits green teas are known for. If left to wither, the leaves are transformed through a process known as oxidation (also known as fermentation) into black tea, of which there are hundreds of varieties.

Types of Tea

The production of tea requires great care and craftsmanship. The freshly plucked leaves are carefully and gently processed every step of the way. This is labor intensive, time consuming and, as a result, expensive, but this is the only way that all the delicacy of the aroma and the typical character of the tea plant can be passed on to the finished tea.

There are three different types of teas produced- Black Tea, Green Tea and Oolong Tea.

- i. Black Tea
- ii. Green Tea
- iii. Oolong Tea

Tea produced results in four different sieved qualities - Leaf Tea, Broken Tea, Fannings and Dust. In addition to these descriptions you will find mysterious abbreviations on the packet of a quality tea. These letters have nothing to do with the character or the flavor, but are simply more detailed explanations on the sieving result (leaf grade designation).

Industry growth

The annual tea production has been around 800mn kg for the last 2 years. The tea production grew at an average annual rate of 2.3% during last four decades and at 1.4% pa in the last decade. For the first 10 months of 2000 the production has increased by 6% on yearly basis. The consumption is currently around 600mn kg. But over last one year the consumption growth has slowed down, this coupled with falling exports has led to surplus supply and falling prices in the market. Tea plantations in India are concentrated in the North-East (Upper Assam, West Bengal) and the South (Kerala, Tamil Nadu). The North-Eastern region with 82% of area accounts for 76% of total tea production. In the North East, the yield is lower but quality of tea is superior.

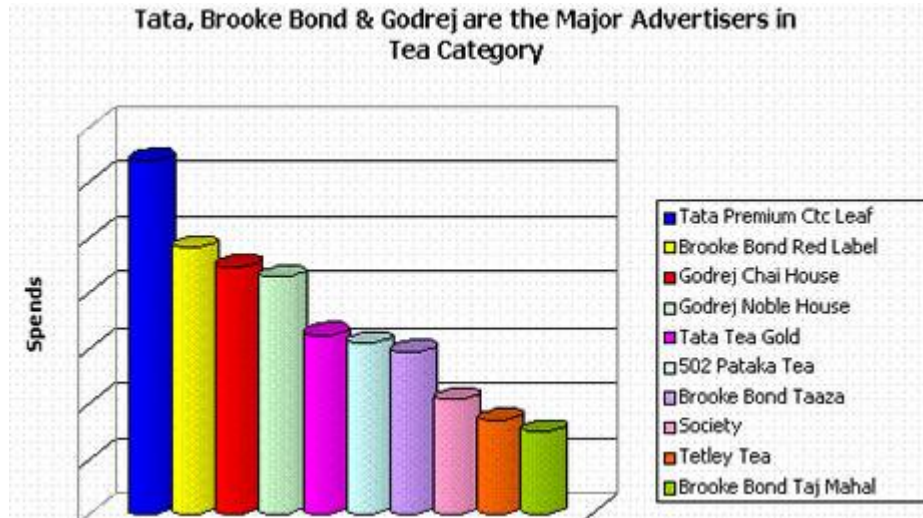
Regional variations

Consumers in different parts of the country have heterogeneous taste. Dust tea is very popular in the south. In the western states, good quality loose tea is preferred in Gujarat, whereas in Maharashtra, consumers provide a large market to packet as well as unbranded tea.. The eastern states of West Bengal and Orissa consume CTC broken. Among the northern states, CTC fannings is liked in Rajasthan and CTC broken in others states of the North. The Central India is predominantly a dust market.

Packet tea: growth after decline

Tea consumption in the country grew by 4.5% pa in the mid eighties which has dropped to 2% in last 2-3 years. The entire growth was in the loose tea segment. This resulted in the share of branded tea to decline from 44% in 1970 to 25% in 1985. But since 1985 the branded tea segment too has registered good growth and its share in total tea market is currently around 37%. The decline during the period 1970-85 was due to excise differential coupled with high inflation compelling consumers to switch to loose tea. The trend changed with introduction of polyester pouch packaging by Tata Tea. The polypacks took 12% share from the loose tea market and account for almost half of the branded segment. The polypacks besides being cost effective retain freshness and reduce lead time to reach consumers. Hindustan Lever Ltd with a market share of 45% is the leading player in the packet tea business. But overall slow down in the demand for tea has impacted the growth in branded tea segment. In 1999 the share of branded tea segment in total tea market in the country, fell to 32.5%.

Tea advertising



Tea is not a seasonal product for the Indian market. People in India prefer a cup of hot steaming tea even when the mercury is above 40 degrees. The product not being seasonal, the advertising is also not very seasonal. This reflects in the changing advertising patterns across different channels.

Moving on to the individual advertisers, we see that Tata, Brooke Bond and Godrej are the major top advertisers. Most of the brands featuring in the Top 10 list belong to these advertisers. The most advertised brand is Tata Premium CTC Leaf, followed by Brooke Bond Red Label and Godrej Chai House. Society and 502 Pataka Tea are the only two brands which don't belong to the above advertisers but feature in the top list.

Innovative Marketing Strategy:

The Tea sector is beset with many chronic problems. A large number of people are dependent on it and there is need for a significant proportion of them to shift into manufacturing and services, this is the area of focus for us. There is a need of putting stress in promoting a healthy business climate globally, and contributing positively in every community, both personally and organizationally. The company can make an effort to find out what our customers desire from us. Then, to help realize a comfortable and

secure society. The idea is to value most is to take action based on an understanding of the views of the customers.

Value addition to tea is dependent on the following factors:

Quality Control: Quality is an indispensable principle of our Group. 502 Pataka will have to complete quality assurance system so that it is reflected in the values, processes, and a quality assurance evaluation has to be conducted at every phase of operations. The company should focus towards providing quality products to its customers which can only be achieved if we maintain quality at every level of production.

Aggressive Marketing: The Company should adapt an aggressive marketing policy to sell its products. In aggressive marketing the company should sell more products to its existing customers and find out new customers and win the confidence of its consumers by providing quality products at reasonable prices.

Customer's Relation: The Company should maintain a cordial customer relation. Customers are best critics. A time bound system should be in place to interact with valued Customers and it also encourages regular feedback on quality deliveries. All customer complaints should be studied, analyzed, complaints Docketed; a detailed root cause analysis should be done after which the complaint can be closed. This ensures that the customers remain loyal and all their complaints are addressed and acted upon. The company should value to take action based on an understanding of the views of the customers.

Long Term Image Building: The Company should focus on long term goal of permanent image building. It should aim at confidence build up with its customers and serve them better. The Company should strive to share corporate social responsibility policies with suppliers, including environmentally - beneficial activities throughout the supply chain.

Innovative outlook: The management of the company should be in the responsible hands so that the company can boost of having an innovative management that always strives for better performance and results. The philosophy is to provide customers with the highest possible standard of service and all our people share the same dedication to customer service. Patience and persistence is the hallmarks of growth.