

Typhoo aims to infuse new life into tea market

Brand's new owner believes it can boost market share in spite of strong competition from coffee, writes Neelam Verjee

RECENT news that tea consumption in Britain reversed a 30-year trend last year, showing a 1 per cent rise for the first time since 1974, has certainly whetted the appetite of Karan Paul.

The 36-year-old nephew of the UK-based industrialist Lord Paul, who last year bought Typhoo from Premier Foods for £80 million, is relaunching the brand in the UK before taking it global.

On the back of a £5 million marketing campaign, he is seeking to increase its market share to 20 per cent in the next two years, from 14.5 per cent currently — no mean feat in light of the less-savoury fact that instant coffee has knocked tea off its perch as the UK's most widely consumed beverage.

The marketing campaign includes the brand's first appearance on national TV in three years. The adverts feature a woman, fatigued after shopping, feeling refreshed after a cup of Typhoo tea. "You always get an 'OO' with Typhoo," goes the catchphrase.

"It's about active refreshment," Paul says. "It's about bringing back life and reinvigorating, but it's also what sets Typhoo apart from other brands. We're a 'get up and go' brand rather than a 'put your feet up' one."

He adds: "We thought about using a celebrity for the adverts, but decided against it because we wanted it to be about real people using the product."

The entrepreneur is chairman of Apeejay Surrendra, the Indian conglomerate with operations ranging from shipping and real estate to tea plantations and financial services. To help him to bridge the gap with Tetley, the current leader with a 25 per cent share and PG Tips, which has 24 per cent of the market, Paul says that he is finalising the acquisition of "an own-label brand with a good presence" in the UK.



Typhoo last advertised on television three years ago

"There is a good position to be captured in the own-label side which is not part of the current marketing effort, so that gives us good presence and penetration and economies of scale," he says.

By the end of two years, Paul expects Typhoo to hit sales of £100 million, from £75 million at present.

"It's going to be a tough, competitive fight," he says of his plans to capture market share in a declining market. But Paul

says that he is "excited" about the "big fight ahead".

He also points to the potential for "significant growth" in the fruit and herb segment of the market, where, with 7 per cent of the market, Typhoo is second to Twinings, which has the lion's share at 60 per cent.

For the entrepreneur, who ran Apeejay Tea — a division of a business founded by his grandfather in 1910 — after graduating from Brown University with a degree in political science in 1992, gaining prominence in the UK as a mainstream tea brand is only the first stage.

Within three years, Paul wants to see Typhoo move into Europe and the US, gaining scale both by organic expansion and by acquisitions. He has Germany, France and the Netherlands, where a host of family owned firms run the market, as well as Russia, firmly in his sights.

"The intention is to use Typhoo tea as a growth platform so although the mainstream market is competitive here, there are opportunities abroad, especially in fruit and herb which will boost the company's overall sales," he says.

"I wish people would drink more tea and that it would come back to being the national drink here", he says.

"Although tea is mostly manufactured in India, Britain is actually the home of tea. This is the nation that started the whole tea-drinking phenomenon."



Karan Paul, Typhoo's boss, wants the brand to catch its rivals

Beverage that has its roots as a cure for indigestion

By Neelam Verjee

THE original Typhoo tea blend was developed by John Sumner, a Birmingham-based grocer, in 1903 as a cure for the indigestion afflicting his sister Mary. Her subsequent enthusiasm for the product over the large-leaf variety that was popular at the time encouraged him to launch the blend and sell it in his shop under the name Typhoo Tipps Tea.

Boxes containing Typhoo, which derives from the Chinese word for doctor, carried the words: "The tea that doctors recommend," while the Tipps part of the name referred to the tip of the tea leaf, where the flavour is most concentrated.

Having expanded and gained national presence, Typhoo merged with Schweppes in 1968 and, a year later, Cadbury, another household name, joined the group, creating Cadbury Schweppes Typhoo.

In 1986 Typhoo was sold in a management buyout, creating Premier Brands. Three years later, after consecutive takeovers by the American private equity firms Hilldown Holdings and Hicks, Muse, Tate & Furst, the brand was acquired by Premier Foods.

It remained among the portfolio of brands owned by Premier until October last year, when Apeejay Surrendra, India's fourth-biggest tea producer, acquired it for £80 million.

By this stage, Typhoo had expanded its range with the launch of green tea blends, as well as fruit and herbal varieties.