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Ingredients

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1402 - Crescenzo Bldg., C38/39, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai. 400 051
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India consumes 70% of its tea produce

SUBRATA MUKERJI

INDIA is the one of the world's largest tea-consuming countries, and also among the largest producers of the brew. It is the one of the most popular and widely-consumed beverages.

Over 70 per cent of the production is consumed within the country itself. Tea consumption is estimated to be growing at 3-4 per cent per annum in line with the population growth, and is now a fully-matured category.

Despite the availability of a number of other beverages, such as fruit juices, soft drinks and coffee, tea still remains the staple beverage in India.

In recent years, there is considerable concern and interest for health and well-being among the new generation. People are increasingly opting for products which are

requirement.

We believe that the green tea growth is almost doubling every year, and is becoming at par with black tea in the teabag segment.

Tea bags in India

The tea bag category has been increasing, and is now widely accepted by the Indian consumer as it offers convenience to carry one's favourite tea anywhere.

Industry players are now creating innovative events to promote new variants and products, for these very reasons, the tea bag business is set for rapid growth and size.

In India, tea bags are a highly-branded category growing at a healthy rate of 25-30 per cent per year.

Due to their manufacturing process and technology, tea bags provide an inherent

Green tea has been marketed for health benefits such as weight loss, effective against diabetes and cancer, healthier skin and stronger immune systems.



For these inherent health and wellness properties, green tea is the highest contributor to the Indian tea bag industry.

Fruit and herbal infusions are a new emerging category being caffeine-free and zero sugar, also having many health benefits.

These are mainly the extracts of fruit and herbs. These can be enjoyed both in the hot and cold forms, are very convenient and easy to make, and are mostly preferred by the younger generation, who have higher disposable incomes and trend towards lifestyle products.

Organic and herbal teas are the future leading emerging segments.

Indian consumers & emerging demands

Drinking habits and lifestyles have changed in the last 5-10 years, and consumers are now willing to pay more for quality and variety.

However, the increasing consumer attention to product quality is helping growth in brand loyalty. This is further aided by active promotions by different brands. This is, in turn, reflected in the shift from unbranded to branded products.

Thanks to the growth of the modern retail channel, tea bags are getting huge opportunities for trial and visibility.

The 100-year-old Typhoo, the third-largest tea brand in the United Kingdom, is the first branded ready packaged tea.

Its portfolio comprises 12 brands and over 400 products, Typhoo is exported to 50 markets, including the United States, Canada, Switzerland, Australia, Europe and Africa.

In 2005, Apeejay Surrendra Group, one of India's largest tea producers, acquired Typhoo. This was India's second largest global fast-moving consumer goods (FMCG) acquisition and the seventh-largest corporate takeover by an Indian company till date.



safe and have good health benefits and wellness cues. This is witnessed across most food and beverage categories.

Tea is perfectly positioned for these very attributes. The vibrancy in the tea category is visible by the resurgence of a number of tea brands that have entered the Indian market, and many more who have strong interests in entering this market in the near future.

A clear example is seen in the green tea segment, which, until a few years ago, was a fashion trend, but its consumption is now sweeping the urban markets.

Almost every company is now offering green tea, and that too in various flavours and pack sizes, focussing on customising the need of the consumer as per their

barrier to commoditising the category.

Tea bags are generally classified under black tea, flavoured tea, green tea, fruit infusions, herbal and organic teas.

Further to the above classification, there are variants with interesting flavours like masala, lemon, ginger, cardamom, and Earl Grey and fruit flavours such as apple, orange, mango and strawberry.

With increasing disposable incomes and awareness about product differentiation (on the bases of aroma, origin and taste), tea bags are paving the way for premium variants and flavours.

At the same time, increasing consumer health awareness quotient is boosting sales for green tea and its variants (mint, lemon, jasmine, tulsi and masala).

Drinking tea may help keep arteries smooth

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This gave Apeejay a significant opportunity to vertically integrate their tea business as well as expand their footprint in international markets.

London Fruit and Herb, Heath and Heather, Melrose's and Ridgeways, among others, were also acquired from Premier Foods UK.

Bearing in mind the new urban health consciousness, and in keeping with the changing taste and beverage preferences, Apeejay Tea Group introduced into India a select range of Typhoo teas that offer top quality and heightened pleasure in beverage experience.

Typhoo India promotes its products via direct customer engagements at points of sale and at various events related to art, fashion, health and wellness, books and gourmet food shows.

These engagements, till now, have resulted in enhancing the customer experience and delight for its products.

Typhoo India currently serves its customers through four distinct categories - premium Assam black teas, flavoured teas, green teas and fruit infusions.

It plans to add 8-10 additional variants in 2014. Typhoo beverages are currently available under 17 product variants in packs of 10, 25 and 100.

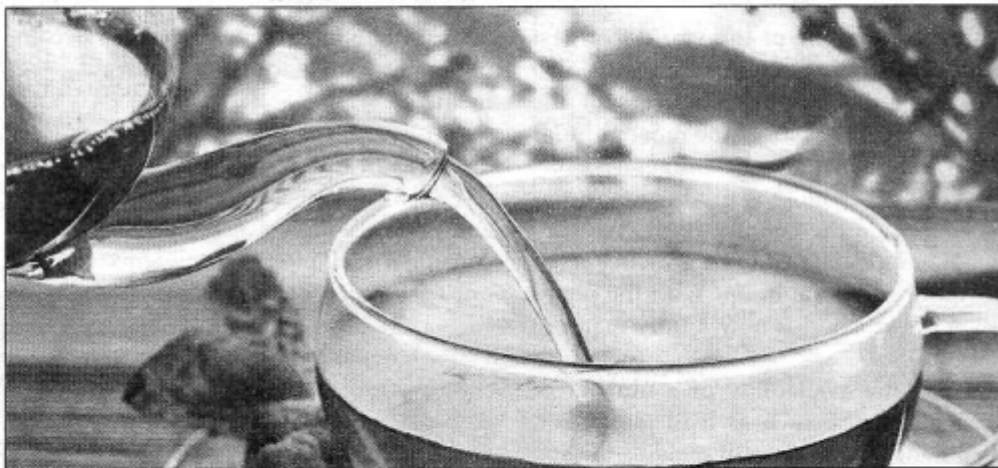
Crafted to international quality standards and heightened health benefits with contemporary modern packaging formats, Typhoo tea is available across all metros of India in over 2,500 modern retail food and beverage outlets and served to over 450 reputed corporate houses.

It is also served at some of the premium domestic and international airlines, including Jet Airways and Air India.

Typhoo has a dedicated team of tasters who travel extensively throughout the world, selecting only the best teas and ingredients for their brands.

To ensure that the teas maintain their freshness and inherent taste characteristics, Typhoo ensures that all their teas are packed in its own state-of-the-art production facility in Kolkata, India and Moreton, Wirral, UK.

The Indian manufacturing hub is an International Organisation for



The tea bag industry faces some challenges in-terms of providing the best-quality products and manufacturing processes

Standardisation (ISO) 22000 and Hazard Analysis and Critical Control Points (HACCP) certified production unit.

Right from using international food-grade filter papers to pack the teas, Typhoo tea bags are further sealed in tamper-proof heat-sealed envelopes to retain the freshness of the teas right till the time they are brewed to its memorable tastes.

Typhoo India was the first to use heat-sealed envelopes, while others were still using the crimped tea envelopes.

Challenges for the industry

The tea bag industry faces some challenges in-terms of providing the best-quality products and manufacturing processes to ensure high standards of health and safe products.

Like any new emerging category, there are risks of sub-standard products, getting passed off under the health platform.

Thus it becomes the responsibility of the established companies to project the genuine health benefits and clear advantages of the various ingredients and flavours they use for their different varieties and

brands.

The government is aware of the changing scenario, and has been looking at its food safety regulations and streamlining the processes and laws through recent enactments under the Food Safety and Standards Act (FSSA), 2006, and the Legal Metrology Act, 2009, for packaged commodities.

Some of the known health benefits of tea are:

Tea contains antioxidants: The antioxidants in tea protect your body from the ravages of ageing and the effects of pollution.

Tea may reduce your risk of heart attack and stroke: Unwanted blood clots formed from cholesterol and blood platelets cause heart attack and stroke. Drinking tea may help keep arteries smooth and clog-free.

Tea protects bones: It is not just the milk added to tea that builds strong bones. One study that compared tea drinkers with non-drinkers, found that people who drank tea for 10 or more years had the strongest bones, even after adjusting for age, body weight, exercise, smoking and other risk factors.

Tea bolsters immune system: Drinking tea may help your body's immune system fight off infections. Research has shown higher immune system activity in the blood of the tea drinkers.

Tea protects against cancer: Thank the polyphenols, the antioxidants found in tea, once again for their cancer-fighting effects. There are enough studies that show the

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100% import duty on tea imports for sales

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potential protective effects of drinking tea.

Tea increases your metabolism: Lots of people complain about a slow metabolic rate and their inability to lose weight. Green tea increases the metabolic rate, which helps in burning the additional calories.

In conclusion, it can be rightly said that tea and more particularly the tea bag category will see a surge in consumption and growth in India in the days to come.

Regulations for import and export of tea

India is a very large tea-consuming country and most of its produce is consumed here itself. Hence, the import of tea is not encouraged for domestic sales.

There is a 100 per cent import duty if tea is imported for sales within India. However, imports are allowed if that is to be reshipped with value addition for exports.

The Tea Board of India also undertakes number of promotional activities to popu-

larise Indian tea for exports.

In order to ensure ethical tea exports, the government has in place various monitoring controls to that ensure that substandard teas are not exported and strict measures on the use of pesticides and farming chemicals, that adhere to international standards on residual contents known as maximum residue level (MRL) values.

The Government of India is also very supportive to tea producers and merchant exporters for the export of tea and value-added tea, including tea bag exports.

Of late it has been observed that the new generation may not be adopting tea drinking despite its health benefits. For this, the Tea Board has been undertaking various promotional activities to encourage tea drinking amongst the youth.



A business-to-consumer (B2C) campaign was successfully launched in 2014 with the help of the Tea Board of India to attract the urban young to drink tea.

This campaign would continue on a sustained basis. The mission is to target young India, whose choice of beverage is not tea. ○

(The author is business head, Typhoo India)