

**COVER STORY**

# PLAYING THE TRENDS GAME

From double digit growth in its tea brand to acquiring the No. 1 status in the instant coffee space, **Sudhir Sitapati, Executive Director, Refreshments**, explains how HUL's 'straddling the strata' approach plays a role in growing its categories



**F**OR HUL, refreshments — which include its beverage and ice cream brands — was the category that overcame several challenges and showed double digit growth for its tea business.

A host of factors contributed to this. First, the company led market development in the category with green tea. Riding the wave of naturals, HUL launched Red Label Natural Care. The core brand equity strengthened for Brooke Bond, Red Label and Taj Mahal. In addition, the HUL sales team did significant work in rural distribution of tea.

What essentially comes out from all these factors is that in certain categories, HUL is benefitting from creating options for consumers across the pyramid.

**Adding New Consumers**

In India, tea is a million-tonne category. In sheer volume terms, HUL is only 10 per cent of the total market. About 40 per cent of this market still deals with either loose or unbranded and semi-branded tea. This instantly opens up significant potential for HUL. "There is fundamental upgradation opportunity in India. Also, tea is in trend globally," says Sudhir Sitapati, Executive Director, Refreshments, HUL. "We are seeing green tea, opportunities like flavours, tea bags, iced tea, which we can all tap one by one in India too. There are opportunities both in the top end and in the lower end in this category," adds Sitapati.

One of the biggest investments for the company recently has been in brand Lipton. Over the past few years, Lipton's black tea brand had subdued. HUL, however, revived brand Lipton on the back of green tea. "It has been a real success story for us. Three years ago, we did not have green tea in India, and today India is Unilever's second largest green tea market. And yet, since green tea compared to overall branded tea, would be around 3 per cent, it is a very

fast growing segment, allowing immense growth potential," he explains.

HUL has four brands in tea that are straddling the pyramid — there is Taaza at the base level, Brooke Bond Red Label (known as Brooke Bond Three Roses in Tamil Nadu) at the middle, and Taj Mahal at the top end. Even above this is Lipton Green Tea. Comparatively, the company leads its coffee business with only one brand, Bru. The job on coffee is to develop the market itself, according to Sitapati.

In Tamil Nadu, the category is well penetrated, but in the rest of South and in the North, there is work to be done. That being said, coffee is also one of the categories that have seen success for HUL. "We were always the largest

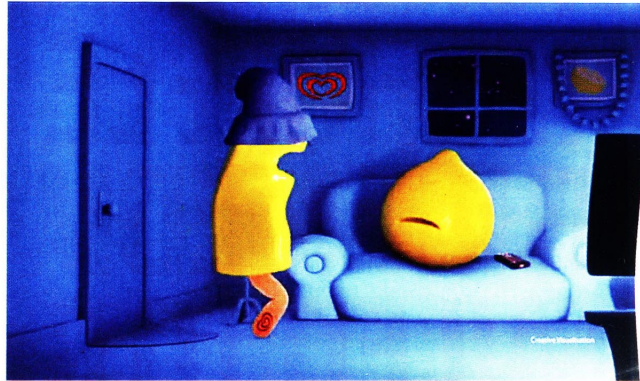
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**ON BEING PURPOSE DRIVEN...**  
 In every such effort, the biggest task perhaps is to get the first piece of the jigsaw puzzle right — the journey started with the iconic advertising of the Hindu and Muslim ad that we had done. We went back to the roots, the very DNA of Brooke Bond. Arthur Brooke had said 130 years ago that tea bonds, it opens up the heart, melts differences. We looked at the show reel of all the best ads and it was about people chatting together, breaking awkward silences. We dived into the genetic pool and it just opened up a whole space — this has now become a global idea of Brooke Bond.”



### Applying USLP in Refreshments

- A total of 243 tea estates in India are trustea code verified and a total of 261 tea estates in India are rainforest alliance certified
- In 2016, over 46 per cent of tea was sourced from sustainable sources in India for Unilever's brands. This is a substantial increase from 28 per cent last year

**The Talking Ice Cream campaign for the mother brand Kwaliti Walls**



**Brooke Bond Red Label 6 Pack Band won several global and national awards for its barrier breaking message**

coffee player in India because we had both instant and the conventional roasted and grounded variant, but in instant, we have now taken market leadership in India. That is a significant achievement, and now the responsibility is on us to grow," adds Sitapati.

### Growing The Parent Brand

In the ice cream category, Magnum has been one of the most talked-about brand launches in the HUL stable. Part of the reason for this has also been Magnum's association with fashion, seen in its partnership with the likes of online lifestyle brand The Label Life. So far, Cornetto has really

as a fun, lively and quirky brand.

"Magnum is about indulgence and Cornetto about romance. Each takes a different positioning. This is a business that can be really accelerated in India. In many countries, it is among the largest businesses of Unilever and we have very big and bold growth plans," says Sitapati.

Much like Lipton Green Tea, Cornetto Red Velvet too is an example of creating high margins in new categories, reiterating the growth potential of nascent categories. **BW**

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