

STORMY TEACUPS

Here's how HUL stole a value lead on Tata Tea. And here's what Tata Tea is doing to get it back



BY RAVI BALAKRISHNAN | MUMBAI

In what may well be a clever bit of wordplay, Sudhir Sitapati attributes Hindustan Unilever stealing a lead over Tata in the keenly contested tea category to a "full mix story". After eight years, HUL is value leader according to a report in *The Times of India*, which cites industry sources quoting Nielsen figures. Its value share is pegged at 21% with Tata at 20.6%. Sitapati, executive director - foods and refreshment, HUL declines to comment specifically on numbers. But he believes the brand's performance is due to a combination of getting many things right.

For instance, HUL customised its tea offering on Broke Bond Red Label. Sitapati says, "Every couple of districts, there's a different view on what a good tea is. There's a general perception of Red Label as a mid-tier brand. But the brand is different in Karnataka to what it is in UP; even Western Maharashtra is different from the East." It currently has two or three blends per state. While this added complexity to the supply chain, HUL is reaping the benefits.

Running parallel to this is a revamped approach to communication. For the longest time, Brooke Bond sold a simple feature and benefit story. Ever since 2014, this formerly conservative advertiser has taken on some prickly social issues. It started with a film

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where a couple, reluctant to accept an invitation from their Muslim neighbour, eventually bond over a cup of tea. Ever since, Brooke Bond has taken a pointed stance, addressing societal rifts and tension points: commenting on dwarfism, the elderly and commercial sex workers, to name just a few themes. The brand has upped its presence on digital, backing the 6 Pack Band, India's first musical group comprised entirely of the transgendered. According to Sitapati, this marks a return to the roots of the brand: "The fundamental role of tea in our society is to bring people together."

As the brand gets more purpose driven, it has begun to rely more heavily on digital, with content uploaded almost every month. Sitapati admits, "Some succeed and some don't, but there's a very large amount of money (backing these). I foresee TV becoming a secondary medium and digital becoming a primary medium."

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Speaking of the digital driven 6 Pack Band, the second version of which launched earlier this year, composed entirely of autistic children, Amin Lakhani, president-client leadership, Mindshare India says, “The theme ticked many boxes: authentic to the brand, a meaningful tension point and a community who goes through a lot and are not part of the mainstream.” So far, there’s been no backlash, since as Sitapati points out, the ads don’t provoke but merely invite people to come together over tea.



When it comes to building for the future, HUL cites Taj Mahal as a great example. It started the Taj Mahal Tea House in Mumbai, but does not plan to make it a franchise. But a lot of products created there have been taken to the market via tajmahal-teahouse.com. Sitapati deflects questions on beating Tata Tea to say, “Even more than market shares and volumes, the number I am most interested in is brand equity and that started moving up a while back. Everything else is a consequence of that.”

For its part, Tata Tea is doing anything but sitting idle. Addressing the loss of value leadership, Sushant Dash, regional president - India and Middle East, Tata Global Beverages points to its volume leadership, established by research studies from Nielsen, Kantar and Euromonitor. He adds, “In value terms, in the north and the east, in significant and large parts, we are leaders by quite a margin. Even in the west, we are at par. It’s only in the south that they are ahead.”

And so the south has been a key focus area: Tata Tea recently launched value added variants Kanan Devan Duet and Chakra Gold. The brand is banking on an increasing consumer concern about health, roping in Dipika Padukone to promote Tetley green tea. It also launched a premium range Teaveda in November 2016 and this has been a huge focus area. Says Dash, “At the same time, we continue to drive rural penetration and growth.”

The challenge of course is growing a category with 90% plus penetration. Dash says the answer lies in not being too concerned about the competition but focusing instead on the consumer.

Asked whether the iconic Jaago Re campaign which served the brand well for over a decade has perhaps run its course, Dash disagrees. “We restaged the campaign last February and at the time, started from a zero base and said there will be no holy cows. But research revealed the consumers still found it relevant.” Acknowledging the consumer had changed, the campaign is now even more vested in society. Dash

says, “While activism was great, it happened after something had gone wrong.” And hence the new avatar of Jaago Re focuses on pre-activism, picking issues like women’s safety and the infrastructure required to establish a good sport culture in India. The combined response to the petitions were 1.8 million, and the digital video was watched by 67 million with 30% staying to the end, higher than the benchmark for views which is 17% to 22%, informs Dash. The brand is also piloting a ready to drink offering and Tata Cha outlets.



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Marketing consultant Harish Bijoor doesn’t set too great a store by leadership of one or the other players since he believes the category is likely to be in a perennial seesaw mode. According to him, the existential threat resides elsewhere: the burgeoning popularity of coffee, perceived to be a more premium beverage. Another key challenge is the consumer believing really good tea does not come from a pack. “It’s currently a very niche movement, but they have a dirty habit of getting big,” Bijoor says. Areas where both players have a lot of lost ground to make up for is out of home consumption: while premium priced coffee bars and cafes are over two decades old, both Tata and HUL have come to this space relatively late. Prickly marketing problems, for sure. Maybe it’s time to brew another pot of tea and get back to the drawing board.

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