

NEW MARKET

HUL brews Sehatmand tea for entry into economy segment

The firm has already launched its Brooke Bond brand in Madhya Pradesh, Chhattisgarh and Bihar in January

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The owner of the premium Brooke Bond and Lipton tea brands in India, **Hindustan Unilever Ltd (HUL)**, has taken a decisive step towards regaining absolute market leadership from **Tata Tea Ltd** by entering the so-called economy segment of the market as well.

HUL already leads the domestic tea market in terms of value and has been narrowing the gap in volume sales, where Tata Tea's economy brand Agni, priced at around Rs150 per kg, gives it the edge.

HUL launched its Brooke Bond Sehatmand tea in Madhya Pradesh, Chhattisgarh and Bihar in late January, using non-governmental organizations among other channels in a low-profile promotional campaign.

"We have put pieces in place for the future," Vikram Grover, category head (beverages) at HUL, had said in an interview on 13 February. "It was one thing that was missing, though we are market leaders and participating in 30% of the tea market."

The new tea, priced at Rs170-180 per kg, includes fo-

lic acid, calcium and other vitamins as part of its ingredients. "It is a huge issue. About 60% of the population in these states is undernourished," said Grover.

"They are targeting a different proposition," Sangeeta Talwar, Tata Tea's executive director (marketing), said over the phone on Tuesday.

Brooke Bond Sehatmand's health ingredients might serve as a differentiator, but it is a tea mixture and not the strong tea that Indians prefer, she added. "Let's wait for a while and see whether they'll take

this brand national. It's not easy to establish tea brands."

India has about 700 tea brands competing for attention. At the top are Tata Tea's Tetley, Kanan Devan, Chakra Gold and Gemini brands and HUL's Brooke Bond and Lipton.

According to research firm **ACNielsen**, HUL's share in the tea business increased marginally in terms of value to 22.7% in December, from 22.6% at the start of 2008. Tata Tea, which counts Tetley among its premium brands, saw its share slip to 21.6% from 22.3% dur-

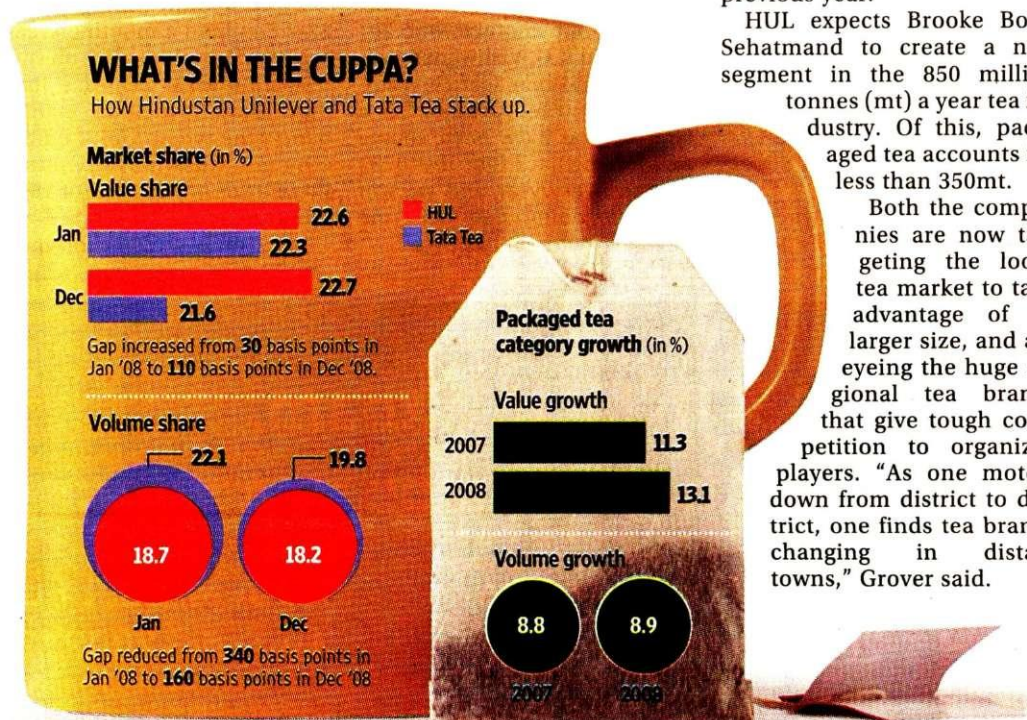
ing this period.

In terms of absolute sales volume, both companies slipped. HUL's market share in the tea business fell to 18.2% in December from 18.7% in January 2008, while Tata Tea's share declined to 19.8% from 22.1%.

During this time, the packaged tea business grew by 13.1% year-on-year compared with 11.3% in the previous year, in terms of value, according to ACNielsen data. In terms of sales volumes, the market grew by 8.9% year-on-year, compared with 8.8% the previous year.

HUL expects Brooke Bond Sehatmand to create a new segment in the 850 million tonnes (mt) a year tea industry. Of this, packaged tea accounts for less than 350mt.

Both the companies are now targeting the loose tea market to take advantage of its larger size, and are eyeing the huge regional tea brands that give tough competition to organized players. "As one motors down from district to district, one finds tea brands changing in distant towns," Grover said.



Source: ACNielsen