

London Tea Trade Dinner
May 6, 2010
Joe Simrany
Presentation to the Trade

The London Tea Trade has held a formal Tea Trade dinner for the last 81 years and for the first time they nominated a non-British member of the trade as its Chairman to deliver the keynote address.

The Beauty of Tradition vs. the Wisdom of Change

Ladies and Gentlemen, distinguished foreign dignitaries, Members of the Tea Trade Dinner Committee and their Chairman Edward Foster and to all my friends.

What have you done by inviting an alien to address you this evening????? How many of you have ever watched the I Love Lucy Show? Well as Desi Arnaz would say; Lucee – You’ve got some “splaining” to do!! I would say that it is a pretty good bet that you will be seeing some new faces on the organizing Committee next year. Speaking of bets, I understand that traditionally a few quid are passing under the

table with the winner determined by the length of my speech. With that in mind and in light of the fact that I have made some prior arrangements with one of your own, I would like to thank you for this opportunity and bid you goodnight.Only kidding!

I'll have you know that even a volcano could not keep me from being here tonight. And to think that I gave up smoking so many years ago. Why bother the air quality isn't much better either way.

Seriously, I am honored to be invited to share a few words with you and right from the beginning I want to acknowledge that most of you in this room have likely forgotten more about tea than I will ever know. That said, you might ask, then what he could possibly talk about that would be of interest to us. Well I do have some qualifications; first I am a direct descendent of Shen Nung (or I am nearly as old as him?), I have spent most of my professional career marketing biscuits, crackers, & tea, and I come from a country

that really knows how to throw a tea party... even if they sometimes forget to bring the tea.

Over the almost two decades that I have been directly involved with tea, Imports into the United States have grown from 85 million Kg to almost 118 million Kg. in 2008. 2009 declined somewhat because of the recession but the tea industry in the United States is poised to grow at a much faster rate over the next two decades. And it is one of the few areas of the world where the market for tea is vibrant & growing. Clearly it is much easier to grow a share that you don't currently have than to protect a share that you have always enjoyed. However, perhaps there are tidbits that will apply to every market.

Regardless how modest our growth has been it is not bad for a country which started out tossing a few hundred chests of tea into Boston Harbor to object to the small tax that you were trying to extract from those pesky colonists. It is significant that those

Boston individuals bent on revolution dressed as American Indians. Not too many of you are probably aware of this fact but when Columbus discovered America he found that the indigenous population had already been drinking tea for centuries and had pretty much given up on it because too many of them were dying in their teepee...s.

America is a land of coffee lovers and the coffee industry is well over twice as large as the tea industry on a volume basis and even bigger on a dollar basis. And coffee is certainly not the only beverage in competition with tea especially the way we like to drink tea in the states over ice. America is a nation of iced drinks and iced tea represents at least 85% of all the tea that is consumed in the USA. A British Author; Tom Holt said, "American style iced tea is the perfect drink for a hot sunny day. It's never really caught on in the UK, probably because the last time we had a hot sunny day was in 1957."

Soft drinks are our national drink of choice with every man woman & child drinking enough soda annually to ensure that if they ever reach old age, it will be as a fat diseased person. Close behind soft drinks is bottled water. Only in America will you find consumers willing to spend more on bottled water than they do on petrol.

But, as we all know, tea is a far better beverage option than all these alternative products. Why then are they more popular. The quick answer is habit and perception; both of which are notoriously difficult to change.

I have titled this presentation to you:

The Beauty of Tradition vs. the Wisdom of Change.
Hopefully it encapsulates the message that I am trying to deliver.

The Tea Industry is blessed with a rich heritage that extends back nearly 5000 years to the very wise Emperor Shen Nung. As the legend goes he discovered tea quite by accident when some leaves from a shade tree that he had camped under fell into the pot of water that he was boiling and tasting the resulting beverage it declared it to be the best thing since the invention of the wheel. Well perhaps I am paraphrasing him a bit but how many other products could trace their history back that far? Besides water, the answer is likely none. Over the ensuing centuries, tea gained in popularity in China & Japan, then throughout Asia and finally to the rest of the world. I have referred to this beverage, especially when addressing a group of Chinese members of the trade that tea is China's gift to the rest of the world.

James Norwood Pratt, an American Tea Author with a British name, speaks of tea as "a miracle of vegetation that became a treasure of the world as medicine, beverage, currency, and communion – the

wellspring of empires, industries, and art.” Given this head start on all other beverages why isn’t it the most consumed beverage in the world? It is, just not in our part of the world where consumers are bombarded with literally thousands of advertising messages each day. If there is one deficiency with tea it is that it is generally priced amongst the lowest of any food or beverage available in the market place. As my old friend Marty Kushner, the former president of the largest private label tea packer in America has said cheap is not the cornerstone of a good marketing program. If something can be purchased for virtually nothing then it is perceived by the consumer as having little value.

Unfortunately, to this day, there is plenty of tea available in America for less than 2 cents per serving. Not only does this contribute to negative perceptions but it also limits what a company could do to market its products especially against the likes of what soft drinks, bottled water and the coffee companies do.

How we addressed these problems in America started over 20 years ago. We decided that given our miniscule budgets we needed to come up with a program that was capable of breaking through all the clutter because the message was so compelling that it would be willingly delivered by others. The only program that could meet these very stringent criteria was to associate Tea consumption with a great many health benefits.

Of course we did not create these health benefits because they are intrinsic to *Camellia sinensis* but they were either taken for granted or not understood by the majority of tea consumers, scientists, medical professionals, members of the trade and importantly the media. While we started out as a lonely voice in the wilderness we were quickly joined by the UK & Canadian Tea Councils, several tea producing countries and even the FAO & World Bank. The rest is history.

We used the health message to raise share of mind, a marketing term which means that before consumers could increase their consumption of tea, they needed to think about tea as one the many options available to them.

Here is where it gets a little tricky and goes back to the title of this presentation. The Beauty of Tradition vs. the Wisdom of Change. We had no intention of turning our backs on what made tea attractive as a beverage and converting it to a medicine, because people don't like to take medicine. They may realize that they have to take medicine to get over an illness but we would restrict consumption even more than it was if this is the message that got through to consumers. So we walked a fine line by emphasizing the great taste of this beverage that also happened to be good for you. The message stuck and while we have fallen short of achieving the Holy Grail; endorsement from our regulatory authorities, there

are literally thousands of studies that have been communicated by the scientists and medical community that almost all consumers today are aware of. An important scientist who has counseled us for many years on our health program; Jeff Blumberg from Tufts University, said that we begin the program back in 1991, only 3 scientific studies on the health benefits of tea were being conducted a year globally. For the last three years that number has averaged 300 per year.

The program has been so successful that the little old ladies with blue hair have been replaced by virtually all members of the family. Here too change vs. tradition has a significant role to play in that American consumers and the American trade were not afraid to break with tradition by drinking tea their own special way, over ice. While this may have been perceived to be a barbaric practice by a group of unsophisticated tea drinkers, it led the way to RTD tea (bottles & cans) that had special appeal to younger American tea

consumers. RTD tea is so popular today that in the span of about 12 to 15 years, RTD tea has been transformed from the smallest to the largest segment of the market for tea in the USA.

Of course traditionalist can argue that RTD tea is a misnomer in that it contains far less tea than home brewed tea. That may be correct but the wisdom of change suggests that while you honor tradition you stand prepared to modify it to meet the demands of your audience. The Tea Association of the USA is aware that some RTD teas seek to abuse the concept of tea but having given free reign to the RTD market we are prepared to now step in and correct those abuses as they become apparent.

If ever there was a country of non-conformists with little concern for tradition it is the USA. But by introducing consumers to the concept of Specialty Tea, we have managed to move consumers closer to what the British would refer to as a decent cuppa.

This effort started in 1992 when we asked the Board of Directors that they needed to expand the Mission of the Tea Association to embrace the concept of Specialty Tea. It took another 3 years before they agreed but it has developed to a point where our Tea Certification Program is the most sought after education program in America. Of course it is not exclusively responsible for the growth of Specialty Tea in America, with much credit going back to the tea & health movement for encouraging more tea entrepreneurs and consumers alike to think about tea.

One day, and that day is not too far in the future, we envision marketing fine teas as the wine industry markets fine wines; by the Estate and the Vineyard. It has already started to happen in the States on a limited scale and it promises to bring a new wave of vitality and prosperity to all levels of the tea supply chain. All this while embracing both tradition and change.

Just a final comment so you can start to check your stop watches to see who predicted the level of verbosity of this ill advised speaker; and that concerns our irreverent method of promotion. Having more or less accomplished our goal of linking tea consumption with health benefits, our next challenge was to broaden the market to include all demographic segments in particular young, non-traditional tea consumers. We did this in an extremely irreverent fashion by taking a page from our Indian friends and launching what we refer to as the Calm-A-Sutra of Tea campaign.

This is the fourth year that we are running the program. Basically it invites high school and college students to produce a two minute informative and humorous You-Tube video depicting what they know about the health benefits of tea. The first year we ran the program we received 70 entries, the second year 700 entries, and the third year over 1100 entries. The first three years we offered between a \$15,000 -

\$20,000 scholarship and this year we are offering the possibility of a job in the Tea industry.

The number of entries has little to do with gauging the success of this program as the videos stay up on YouTube for years and receive thousands of hits.

Besides we registered over 1.2 billion consumer hits last year for an expenditure of about \$150,000. A return on investment that any Management team would love to achieve.

That's all I have to say, finally, other than each one of us is truly lucky to be working in the Tea industry. We not only have a great product to sell but great people to work with as well. And we should never take those benefits for granted for there are few industries where the efforts of each of us reverberate up and down the supply chain touching literally tens of millions of people.

Thank you all for listening and I sincerely hope that I haven't bored you to tears.

Thank you again to the organizers for breaking with tradition and embracing change which allowed me to speak to you today. Hopefully they will not have to pay too dear a price for their decision.