

THE PRODUCTION AND MARKETING OF QUALITY SRI LANKA TEA

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The production of tea in Sri Lanka has generally been declining since 1965. It has therefore not been possible for Sri Lanka to earn more foreign exchange through an increased export volume of tea. It is, however, possible for Sri Lanka to secure a higher unit value for her tea by several methods such as the export of more value-added products, and new tea products and also by the production of better quality teas particularly in a declining market.

The production trend has been that mid-country teas specifically from the Kandyan areas have been produced in ever-decreasing quantities. This has resulted from an extensive diversification programme and from the release of tea land needed for urban settlements. Perhaps, the most important reason has been the slack demand for the poorer mid-country teas, vis-a-vis that for high and low-grown teas. On the other hand, there has been an increase in the production of low-grown tea and a few mid-country factories have switched to low-country type processing following stronger demand for leafy grades during the period 1978-1980. The production of high grown tea and Uva tea has remained substantially unaltered.

The word 'quality' is used in two senses to describe Sri Lanka tea. Firstly, it is loosely used to describe a production standard, sometimes linked to a broad taste or cleanliness standard. Secondly, it is used to describe the seasonal character of teas produced in Dimbulla/Dickoya and Uva. Seasonal teas from these areas cannot be matched by teas from anywhere else in the world. It is therefore in demand with buyers who market "quality teas", particularly at the upper end of the markets, in consuming countries. Although relatively small quantities of Ceylon seasonal teas are used in these blends, the character they impart is predominant and unmistakable and often defines the blend to the consumer. The same is true for teas from Darjeeling and some special teas originating from the People's Republic of China. If these teas cannot be produced during the seasons, it will pose a problem to those who have included them in their blends and it will undermine the position in the market of particular brands which have depended on seasonal teas to establish a quality standard and win a share of a particular market. The packer will have no option but to switch away from teas that are not regularly available. The result will be a decrease in demand for such teas and therefore a decreasing trend in popularity. It is imperative that Sri Lanka produce seasonal teas with seasonal character in reasonable quantity. There may be several kinds of seasonal teas which can be produced in a particular season. The relative proportions of these must be carefully decided upon as the quantity of leaf available for processing is limiting.

The quantity of tea produced in the season in Dimbulla from mid January to mid March (a period of two months) is around 15% at best. If we take into account the fact that off-grades are also produced, we can estimate that Dimbulla/Dickoya seasonal teas amount to about 10% of the year's production for a particular estate. The value of this tea, however, can be exceptionally high.

It has been most unfortunate that Sri Lanka appears to have recently acquired a poor reputation among some buyers who often quote the fact that the Dimbulla/Dickoya season in 1980 was unsatisfactory and that the Uva season in 1981 was almost a total failure. It is therefore necessary for Sri Lanka to strongly reassert herself and ensure the world market that she is still capable of producing a range of exceptional seasonal teas in reasonable quantity. This is vitally important for our image. We have the know-how, we have the personnel and, if the weather is not against us, there is no reason why we should not be extremely successful.

There appears to be some confusion regarding the question of marketing Sri Lanka tea and there has been much discussion as to whether our present channels of marketing are satisfactory. The more individualistic a product, the better it is suited for presentation at a public auction. Dimbulla and Uva teas from some factories, like a vintage wine or an unique artifact can almost be looked upon as works of art and when they are publicly auctioned, they will fetch premium prices. The bulk of Sri Lanka's teas are presented to the world market at Colombo, in the world's largest tea auction. A small quantity is sold at the London tea auctions. In a public auction market forces predominate and we can generally be confident that we receive the world price for our tea.

The Colombo Auctions are held weekly and when buyers sift through the catalogues each week, they would like to support marks they have confidence in because there is a satisfactory and consistent standard of production and quality (in the broad sense) throughout the year, over the years. Buyers will be less interested in marks that are inconsistent and in teas which although good, appear only sporadically. The ultimate analysis is at the end of the year when consistency will be rewarded. Complaints that tea A is better than tea B but fetches a lower price, can usually be explained by the fact that however good Tea A may be, there is no guarantee that it will appear at the next week's auction and that no one would venture to risk paying a high price and including it in a blend because of the lack of consistency. It is very important that the general impression created in the mind of a buyer be one of confidence in the long term. This will ensure his support.

The advantage Sri Lanka has together with India is that she can produce seasonal teas. Seasonal teas from the African countries and even from Indonesia do not compare with those from India and Sri Lanka. In fact there are hardly proper seasons in some of the African countries. A special effort is therefore required during the Dimbulla and Uva season so that Sri Lanka will produce as much seasonal tea with the seasonal best characteristics for as long as the season lasts.

It is well known that the popularity of some marks fluctuates with the identity of the Superintendent or a factory officer and when these officers move to another factory, they carry with them their merits or demerits as the case may be. It is important that all Superintendents and factory officers try hard to establish a level of consistency for a mark and it is particularly important for factories with good marks which have been built up with great difficulty that these reputations be maintained.

It is useful to remember the fate of seasonal teas after they are purchased at public auctions. Seasonal teas will be carefully distributed by packers throughout their various blends. The blends are usually established over a long period and suit a particular market. The blend has to guarantee satisfaction not only on ground of quality, but also on grounds of price. If seasonal teas are so rare that they become too highly priced, they will not be worthwhile in a blend and their price may tend to drop because the demand for such tea drops. Several brands of tea

have failed because they have tended to depend on seasonal teas from a particular locality and when such teas have not become available the blend inevitably changes its character and meets with competition and fails to maintain its position.

The prospects for marketing quality Sri Lanka tea and particularly seasonal teas are excellent. It is however difficult to obtain very much better prices for poor teas as they are being produced in such large quantities by so many newer producing countries. The less poor tea we produce, the better it would be for Sri Lanka.