

TEA MOVES INTO THE EIGHTIES

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The tea industry in Sri Lanka has now completed over a century in production and, although acknowledged as the tea with the worlds best quality, Sri Lanka tea continues to be sold at prices which, over the years, have reflected only moderate increases. The cost of production on the other hand has increased very sharply, linked to increase in labour wages and energy costs. Entering another decade of production the industry is bound to be faced with further escalating production costs. There is however an appreciable price difference between the price of bulk tea as it is exported at present and the consumer retail price. This profit accrues to the blender and packer of tea rather than to the producer. The time is now opportune for Sri Lanka to work towards effecting changes in its marketing strategy so that some share of this added value may accrue to the country and help in keeping the industry profitable.

A small quantity of tea has been exported direct as packeted tea to the retail trade but many factors have hindered growth in this area. One of them being that existing brands are heavily supported by the type of advertisement which almost excludes any new brands being made known. A second factor which is slowly increasing in importance is a continuous change in consumer preferences. The most recent developments in the food and beverage market is an increase in the demand for greater convenience. The consumption of loose tea is decreasing in many markets mainly due to the problems related to the disposal of spent leaf particularly for households and institutions located in multistory blocks of busy urban centres. Instant tea, the obvious substitute did not gain the popularity that instant coffee acquired. The main reason being that the considerable loss of tea character which occurs during processing cannot be reintroduced and the consumer of hot tea will not readily accept a product that does not sufficiently reproduce the characteristics of conventional tea. In this context, it is not surprising to see that the tea bag has increased in popularity as a compromise between quality and convenience, one of its principal advantages being the ready disposability of the spent leaf. Every support is now given to exporters who wish to pack and export tea bags from Sri Lanka.

Tea, however, need not continue to be regarded exclusively as a hot beverage. The American market has already set a style of consuming 'Iced Lemon tea' which has been found to be a refreshing summer drink. Tea brewed and processed by the standard methods cannot be used to prepare iced drinks because of the formation of 'cream' or an unpleasant haze at low temperatures and processes have been worked out to remove this haze so that the tea remains clear even at low temperatures. Processed liquor can either be concentrated or dried to produce a cold water soluble instant tea or further formulated to a liquid tea concentrate. This liquid tea concentrate is an ideal base for the production of either carbonated or still ready to use drinks comparable to the 'Cola' range. The consumption of carbonated drinks has increased sharply in the US market over the last three years and it is opportune that new forms of tea enter this sector of the market in the form of a bottled or canned carbonated beverage.

Still another innovation has been the development of a range of scented teas which introduces a note of variety to the sale of tea particularly in a select connoisseur market.

The important question remains as to what Sri Lanka is doing towards keeping its tea as a prime competitive product in this changing market. Over the years the TRI has developed processes for the production of carbonated teas as well as cold water soluble instant teas and scented teas. The scaling up and commercial exploitation of these processes have however presented some problems. The most important being that the existing technology is all with tea producing companies who will not normally reveal their processes. It is necessary for Sri Lanka to develop and acquire its own technology. The acquisition of technology is a gradual and expensive exercise and in the face of financial constraints it is not possible for the state sector to invest directly in such ventures. An alternative method will be to develop the process in collaboration with a private sector organisation in the country. The first attempt at establishing a realistic collaboration is now taking place in that the TRI is to produce carbonated tea in collaboration with a private sector organisation. Such a joint venture will have the special advantage that the collaborator will be able to contribute in some measure to the development of the processes but more important in the development of a suitable market for this new product. This latter consideration can be a very important one in that, although a product may be accepted by a consumer, a new brand will require careful market testing and adequate advertising promotion before it can be produced and sold economically.

Tea is today the most popular beverage in the world - second only to water, yet, in spite of its long colourful past it fails to command the price and appreciation it deserves. The presentation of tea in a variety of forms to suit a wide range of consumers is thus an important step in increasing the profitability and image of tea.