

Domestic Consumer Market for Indian Tea: A Survey Report

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Abstract - A survey conducted by the Indian Tea Board reveals that 89 per cent people take tea as their habit, 8 per cent for refreshing their mind and 3 per cent for appeasing hunger. Tea industry in India is directly responsible for economic and social development in far-flung areas where almost no other economic activity exists. The industry gives a prestigious identity to India as well as Assam in the international platform. Due to weak international and national (auction) prices over last few years, a worldwide tea sector crisis had been observed, which is felt at its worst in India. It is not easy to cope up with the changing situations in the tea market. However, India has an alternative as far as India has a large domestic market, with an increasing trend. In this paper, an attempt to observe the present consumer market in India and behaviour of the urban non poor Indian tea consumers is made.

Key words: Auction, consumer, domestic market, price, tea.

1. Introduction

Tea, the world's most popular and cheapest beverage, also known as 'chai' in many languages has a long history of about 5000 years. Tea has occupied an important place in Indian economy for the last several decades [3]. Tea industry is a source of revenue for the country and it provides employment opportunities to millions of people. However, the industry is passing through a crisis phase since late 1990's. The market for Indian tea is changing day by day. In the international market, Indian tea is losing its position due to high price and poor quality [10]. Increasing competition and new competitors are eating up India's share. However, India has a huge domestic market for tea. Here also tea has tough competition with soft drinks and other beverages like horlicks, bournvita etc. The traditional tea industry was production oriented. Now to meet the competition, a new market orientation is emerging. Now both, market creation and market

matching are needed to face the demand of the market [4]. New techniques of product promotion are in demand to meet the competition.

Earlier, India had a higher share in export and a small portion of total tea production was retained for home consumption. At the time of independence, only 79 million kg or about 31 per cent of the production of 255 million kg was retained for home consumption. During that time, India had the highest position in export market. However, in 1997-98, 660 million kg or almost 80 per cent of the production of 838 million kg was domestically consumed, showing an opposite situation [5]. Indian tea is losing its position in international field and hence it has to manage its sale in the domestic market only. The main reasons of this degradation are emergence of new tea producers, increasing global competition, higher cost of production, global standard of pesticide control, poor quality of tea, defective auction system, etc [8].

2. Indian Tea Consumers

It is very difficult to monitor tea consumption in India. Firstly, it is a huge market and secondly a large number of local players have entered into the market. The absence of accurate estimates had affected the formulation of long-term industry wide action plans. Tea companies have realized the importance of the growing domestic market and changing consumer taste. Hence, packet tea has been gaining importance and the number of tea brands in the markets has been increasing. Another significant change in the tea market is that now manufacturers try to attract consumers with the latest forms in packaging technology.

Tea has a very large universe of consumers. In this study 215 (two hundred fifteen) urban non poor tea consumers belonging to the age group 20 to 60 are randomly selected from Assam; the largest tea producer of India for interview and information are collected about their tea drinking habits, preferred

quality of tea, budget on tea, etc. The purchasing behaviour of tea consumers has effected by many factors. These are:

Table 1: The factors effecting consumer behaviour

Sl No.	Factors	Percentage
1	Price	5 %
2	Brand	10 %
3	Appearance	2 %
4	Taste	45 %
5	Colour	30 %
6	No idea	8 %

Source: Field Survey

Table (Table 1) shows that only 5 per cent consumers consider price as an important factor for purchasing a tea. To find out the impact of price on the preference of consumers, χ^2 (chi square) test has been used.

Table 2: Price of tea and Consumer's preference

Price	Loose (N=45)	Packet; Local (N=34)	Packet; National (N=25)	Packet without brand (N=15)
100 - 200	48.8 %	50 %	12 %	40 %
201 - 300	48.8 %	41 %	48 %	46 %
301- above	2.4 %	9 %	40 %	14 %

To find out the relationship between price of tea and consumer's preference to purchase; the null hypothesis is that these two attributes are independent that means price can not influence on purchasing behaviour. (Table 4.62)

The table value of χ^2 (Chi square) for 6 degree of freedom and 5 % level of significance is 12.592 and the calculated value is 20.24.

Therefore it shows that the calculated value of χ^2 (Chi square) is much higher than table value which means that the calculated value cannot be said to have arisen just because of chance. Hence the hypothesis does not hold good or is rejected. Hence price of tea can not change the preference of consumers for a particular tea.

To see the consumer behaviour and price of tea, the present study has collected primary data from the retailer.

Table 3: Tea Price and consumer preference

Type of tea	Price range of tea (in Rs)	Consumer's preference (in %)
Packet (Without branded)	120 – 200	15
Loose tea	120 – 190	25
Packet (Local branded)	120 – 250	35
Packet (National branded)	270 – 350	25

Source: Field Survey

Table 3 shows that 25 per cent consumer prefers loose tea and another 15 percent prefer packet tea without brand. The price of both the type of tea (non-brand and loose) is lower compare to branded tea. The observation of the retailer was that those consumers who prefer loose tea and non branded tea they belongs to lower income group. On the other hand consumers belonging to higher income group do not give much importance on price but they prefer there brand even at a higher price.

Table 4: level of income and type of tea purchase

Income level	Packet tea (N=129)	Loose tea (N=86)
5000 – 10,000	27.9 %	52.3 %
10,001 -20,000	58.1 %	30.2 %
20,001 – 30,000	14 %	17.5 %

To know if there is any co relation between two attributes i.e. monthly income level and type of tea purchase of consumers χ^2 (chi square) test was undertaken. It is assumed that there is no relation between these two parameters.

Calculated value of χ^2 (chi square) is 17 while tabulated value for 2 degree of freedom and 5 % level of significance is 5.991. Hence, it seems that the calculated value is greater than the tabulated value and hypothesis is rejected. So it can conclude that there is some type of relation between monthly income level and type of tea purchase by the consumer.

The table (Table 4.64) shows that consumers of comparatively higher income group (Rs 10,000 to 30,000), prefer packet tea more. The price of packet tea is more than that of loose tea. But the consumers who prefer packet tea are indifferent about the price of the tea. They follow only their choice (taste, colour and brand) to select a particular brand of tea. Consumer survey reveals that consumer has a believe that packet tea is more hygienic than loose tea. Hence, they are indifferent about price of tea.

The survey of consumer behaviour for tea reveals that 60 per cent of the consumers are indifference to price, which signifies that they prefer quality (taste and colour) even at a higher price.

Literature on consumer behaviour also reported that price of a product has very negligible impact on consumers, human beings are creature of habit; hence, habit has a strong role on purchasing a product, rather than its price.

Table 5: Preference for tea drinking

<i>Reason of tea drinking</i>	<i>Percentage</i>
Habit	50
Refreshment	30
Without any reason	20

Source: Field survey

In the consumer survey, it was observed that 50 per cent of the consumers take tea as a habit. Habit of consumers refers to preference for a particular type of brand and quality.

Another observation of consumer behaviour over quality is that they prefer the best quality by using various sources of information like opinion of friends (30 per cent), opinion of neighbour (20 per cent) and opinion of work companion (25 per cent) on a particular tea brand.

The primary survey revealed that 70 per cent of the consumers do not know about the type of tea they are consuming (whether it is CTC, orthodox, green tea, Assam tea or Darjeeling tea). consumers understand about quality of tea like taste and colour. Study also observed that the expenditure on tea per household comes less than 1 per cent of their monthly income. It signifies that they give less importance in selecting brand and quality. Consumers are very flexible in deciding a particular brand; they switch over from one brand to another without any reason.

Many factors other than quality influence the mind of the consumer at the time of buying a particular brand of tea. These are

1. *Shop display:*

Attractive shop display can influence on the buying decision of the consumers. Shop display about health benefits of a tea or gift offer with a tea can motivate the consumers.

2. *Advertisement:*

In the primary study it was found that advertisement have very negligible impact (1 per cent) on buying behaviour. However the advertisement, that touches the emotion or given by some renowned person (sports star, film actor etc.) can influence the consumer to change his preference.

3. *Future benefit:*

Consumers are more aware about immediate future. Hence if the tea will gives such promises (reduce heart disease, increase immunity etc.) to protect the future, consumer will purchase it.

4. *Self statement:*

Most of the times people purchase products to make a statement about them.

5. *Influence of other:*

It is a common nature of consumers that they follow other people. Consumers always try to purchase observing other's behaviour and lifestyle.

To observe the importance of brands in consumer's buying behaviour of tea, researcher has collected primary data.

Branding is one of the most important factors influencing an item's success or failure in today's marketplace.

The primary sources of the study have reported that 58 per cent of the consumers prefer branded tea as branding gives them some assurance of quality.

The study observed that all the sample tea consumers are aware about various tea brands available in the market. However, while purchasing a particular tea, consumers prefer performance of that tea. The 35 per cent of the consumers stated that local brands could satisfy their need, while other 25 per cent of the consumer prefers national brands.

Table 5: Awareness of consumers about tea brands

<i>Type of tea</i>	<i>Percentage of awareness</i>
National brands	65 %
Local brands	13 %
Both	22 %

From the study, it was found that all the sample consumers are aware about national brands of tea. They can promptly tell the names of national tea brands like Tata, Redlebel, Taz etc. Around 65 per cent of the consumers do not know about local tea brands. The consumers who aware about local tea brands are not the consumers of local brands. In this study only one garden has its own brand name and market share of local consumers.

The study also revealed that the entire branding process of tea is done by some big corporate auction buyers like Tata, Tetley, etc. The tea producer produce tea, but they are not bound to sell this to retail market, so producers prefer auction considering it an effortless process.

Around 60 per cent of the observed gardens do not want to go for branding, but in today's market economy, branding is the only weapon for survival.

Brand awareness is increasing among consumers and consumers are ready to pay for a quality product. However, information was found that all these consumers are not loyal to a particular brand and always curious to search the best product. Consumers frequently change their preferences for a particular tea, influenced by

□ Friends

Friends have great influence on consumer's purchasing behaviour. Consumers are strongly motivated by friends to change his preference.

- Experience
Experience gathered from daily life influence the consumer to change his preference for a particular tea. For example: if a consumer is offered a cup of tea in a party and he finds the taste to be more good than that of he consumes regularly, definitely he will enquire for it. If his budget allows, he will revise his own preference.
- Advertisement
Consumers do not blindly follow advertisement; but some influential advertisement, which can touch the emotion of the consumers, will alter their preference.
- Health consciousness
Increasing health consciousness can influence a consumer to modify his choice for a particular tea.

All the above factors influence the tea consumers to be disloyal for their tea. The observed consumers of the study also stated that they are not getting any particular brand of tea, which will fulfill all the components of their preference (taste, colour, flavour and price).

From retailer's point of view also, it was found that 88 per cent of the retailers prefer packet tea (branded or without brand) to sold. They also found that packet tea is better in quality preservation than loose tea.

All the respondents know about local tea brands. The study found only 35 per cent of the consumer who purchase local brands. Others are not regular consumer of local brands because:

- Local brands are not available in every stall
- According to them, national brands are better than local brands
- They wish that the tea they are consuming would be an international one. This is not possible for local brands.
- Packaging of national brands is more attractive.

On the other hand, the sample consumers (25 per cent) who prefer national brands, have reported that the prices of national brands like Tata, Redlabel, Taz, are comparatively higher than loose tea and the local brands.

Hence, all the observations reported that there is not any single brand of tea available in Assam, bearing promises of quality assurance and value. The available local as well as national brands have very limited influence on consumer's buying behaviour.

3. Findings

From the present research, following observations are drawn about the marketing system

followed by tea producers and about the role of ultimate tea consumers in retail tea market:

- 1) The consumers of tea are indifferent about their quality of tea. They do not know about the type of tea whether it is CTC, orthodox, organic, Assam tea or Darjeeling tea. The tea marketer takes this as a big advantage for market their brand as tea in general without mentioning the type of tea they are selling.
- 2) Around half (50 per cent) of the consumers take tea as habit and 45 per cent of them prefer taste in tea purchasing. Therefore, they will pay more for the tea having better taste and suit to their habit.
- 3) The buying behaviour of a tea consumer is a peculiar behaviour, because knowledge of tea consumers on tea is very less.
- 4) Tea consumers have very flexible buying behaviour. They frequently change their preference for a particular tea.
- 5) Expenditure of consumer's on tea is very minimum, around 1 per cent of total monthly income of the households. This is one cause of ignorance about tea.
- 6) Among the various ingredient of tea, consumers prefer taste, colour and flavour.
- 7) Consumers are always ready to pay more for the best tea. They always prefer the best performance.
- 8) Though it is said that advertising is the powerful technique of product promotion, the study revealed negligible impact of advertising on tea consumers.
- 9) Consumers are highly influenced by friends, neighbour and work companion while purchasing a tea.
- 10) Price is a very important constituent of other product, but in case of tea, price plays minimum role in consumer's buying behaviour while purchasing a tea. In case of tea, consumers give more emphasis on taste, colour and brand.
- 11) The result shows that brand awareness is increasing among consumers. They are always curious about the innovations and do not hesitate to try a new product.
- 12) Consumers have knowledge about national tea brands but possess limited knowledge about local brands.
- 13) It was observed that consumers always discuss about the new things they are experiencing with their family, friends, companions and neighbours. Opinion of friends, neighbour, work companion and

family discussion has very strong impact on consumer's purchasing behavior.

- 14) When consumers are not satisfied with a particular tea, 90 per cent of the consumers discourage others from buying it.
- 15) It was readily apparent from the data that the competition is growing tougher and tougher among the various types of tea i.e. loose, packet without brand, packet national brands and packet local brands of tea. All the consumers of the study are willing to buy a local brand of Assam tea. They will pay more for better product. Only colorful packaging and gift offer cannot attract consumers. People always prefer best quality.
- 16) Chi square test revealed that the type of tea consumption does not depend on the monthly income of the consumers. Consumers are always ready to pay more for the best product.
- 17) Retailers find it difficult to predict consumer's demand for a particular tea.
- 18) It was observed that the price of national brands is comparatively higher than the loose tea and local brands. Some varieties of loose tea and local brands have equal price with national brands. But consumers always prefer national brands while choosing from the three having equal price.
- 19) Not any strong local brand is found which have a large universe of consumers.

4. Summary

The information gathered from the consumers of tea shows that consumers are very much conscious about their taste. They are ready to pay more for better product. Colourful packaging and gift offer can attract very limited number of tea consumers. People always prefer best quality. Their view is that teas of National brands are serving better. They also find local brands better but according to them, Assam tea have not any powerful local brand, which can compete with popular national brands like Tata, Hindustan Lever Limited, Tetley etc. However, consumers are waiting for such a local brand.

5. Market Promotion

Ever since the commercial production of tea had started in India, the tea growers did not give much attention on marketing as they always enjoy a readymade market for their products (auction). In the recent past, due to oversupply of tea against demand

the market strategy has shifted from the seller market to the buyer market [10]. In the present market economy consumers are the kings and market decide the products to be produced and sold [4]. Therefore, the grower must recognize the new challenges of the market. Marketing is the key to withstand the present deadlock. . Marketing helps in the development of the standard of products and services and increases the standard of all fields. Though export market of Indian tea is losing its position, the next alternative will be domestic market that has a trend of increase in demand [1].

6. Conclusion

Drinking habits and lifestyles have changed in the last 15-20 years and people are now willing to pay more for quality tea. However increasing consumer attention to the quality of products, growing brand loyalty and active promotions by manufacturers reflect a shift from unbranded to the branded products. Advertising is the best option for tea companies to explain their specialty. To capture the domestic market tea companies or packers can target fairs, festivals, mandis (a local village market), expos etc. for advertisement. Development from grass root level will be beneficial in the long run. So the focus of the tea companies or producers should be the small 'chaiwalas' and the small hoteliers. Trial packs offered at low price and promotions through village fairs and targeting the women folk have helped drive sales in the rural areas. Though consumers are shifting towards packet tea, consumption of loose tea is not very low. India has a large domestic market, which is expanding day by day. The reason for enormous domestic consumption is not due to a high per capita consumption but because of a huge population. Although competition is strong in the domestic market but this market should be the basic platform for the Indian tea growers.

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