

High on tea: How exotic and premium teas have made its way to high octane bars, coffee chains

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By: [Namrata Rao](#) | Updated: June 3, 2018 7:54 AM

Fancy a mulled wine tea, orange pekoe black tea or choco-muscat chai? In India, normally nobody associates these flavours with tea, which is still drunk by most in its ubiquitous milky and sugary avatar. But go to any supermarket and you will see an enormous variety of exotic and premium teas displayed there. From different oolongs and flower teas to chamomiles and premium Darjeeling teas, there is a wide selection to choose from. And it's not just supermarket aisles; the experimentation in tea has made its way to fine dining, e-commerce and coffee chains as well.

Tea it up

In Britain, the tradition of high tea (a light meal eaten in the late afternoon or early evening with tea) is taken really seriously not just in households, but in the hospitality sector as well. In Japan, it's literally called the 'tea ceremony' (a cultural activity involving the ceremonial preparation and presentation of tea). In India, however, tea for the majority means the milky concoction made using liberal amounts of sugar. So do we suffer from a lack of understanding of the beverage? "We are somehow unaware of the great variety that tea has to offer in terms of flavor and, as a result, our understanding of it is very limited," feels Kausshal Dugarr, founder and CEO, Teabox, an Indian brand that sells premium tea sourced from Darjeeling, Assam, Nilgiris and Nepal and offers flavors like Himalayan Wine Tea, Muscatel Black Tea, Rum & Raisin Tea, among others.

"We have incredibly flavorful teas from the Lakysiew plantation in Meghalaya, Donyi Polo tea estate in Arunachal Pradesh, Havukal estate in Nilgiri, Guranse in Nepal, etc.," he says, adding, "Affordability is a big factor when we talk of specialty tea in India. Specialty white, oolong and high-end Darjeeling teas are sold at much higher prices, making them out of reach of the common public. Also, almost 80% of the exotic quality, which Darjeeling produces, is exported. Hence, a majority of Indians don't even get to taste the high-end produce," he rues.

Similarly, matcha tea, another Japanese import trending in the market "isn't treated with the kind of relevance it deserves because consumers aren't exposed to it," laments tea sommelier Anamika Singh. Matcha tea, made from finely ground powder of a specially grown and processed green tea plant, is said to be packed with antioxidants, helping drinkers detoxify naturally. "The average Indian consumer treats specialty tea as a fad, much like the way he/she treats sushi," she says.

Nevertheless, in the past few years, tea culture in India has undergone an evolution, with much experimentation happening on the ground. Some years back, in fact, flavored teas were all the rage, with many players launching varied blends to woo consumers. Then came innovations like bubble tea (tea base mixed with milk or fruit, depending on what variant one is making, with a cluster of chewy tapioca pearls at the bottom). These trends, however, fizzled out as quietly as they had arrived on the scene. Now, with the latest thrust on exotic and premium teas in the country, one can't help but wonder, are there any takers for such teas? "The premium tea market in India is still at a very nascent stage, with only a minuscule population trying out exotic varieties of Darjeeling or Assam Orthodox... these are primarily millennial, who want something different and are adventurous enough to transition towards better, higher-quality brews," says Dugarr of Teabox.

That it's the younger generation driving experimentation in tea is something most players concur on. "The usual cup of tea, as we have at home, continues to be the mainstay... and it will continue to be for a long time among the Indian population. But younger and new age consumers are exploring new tastes and healthy brews, looking for convenience and exotic varieties. It is to cater to this growing clientele that many homegrown as well as international brands are introducing varieties of tea blends with varied tastes," says Subrata Mukerji, business head, Typhoo India, which offers a variety of high-quality specialty teas.

As per a recent Forbes report, tea occupies more than 79% share in the non-alcoholic beverage market in India, which was valued at more than \$30 billion in 2017. The market is expected to grow annually by 20-23% by 2020 and is estimated to be three times the size in 2017, as per the report. The share commanded by premium and exotic teas, however, remains negligible. "The market share of exotic/premium teas is negligible at this point, but gradually, as tastes and preferences evolve and boutique brands

mushroom and educate consumers about various blends, it will grow and would have a decent weightage in the next three-five years,” says Mukerji of Typhoo India.

This is perhaps why Dilmah, a Sri Lanka-based tea brand which has been present in India for several years now, shifted its focus to the specialty tea segment. “In a very traditional tea market, Dilmah has launched products that cater to a niche segment,” says Malik Fernando, director, Dilmah Tea, adding, “Dilmah has been present in India for several years, but we have now refocused on the specialty segment targeting premium consumers. It’s a massive market and the segment that we are targeting is approximately 5% of the total market, but it’s growing fast.”

Dilmah offers three categories of teabags in India: specialty black teas (such as English Breakfast, Ceylon Supreme, etc.), flavored black teas, and Ceylon green teas with natural additives. “As with all products, the premium tea segment in India will grow, as Indian consumers change their tea consumption habits due to lifestyle changes, experience new products while travelling overseas, and look for new tastes and healthy product options,” says Fernando, adding, “We are very pleased with the sales, which are growing month by month.”

Brew star

Even coffee chains like Starbucks have now started experimenting with the beverage to cater to tea lovers across the country. The coffee chain last year introduced a range of 18 new tea offerings. And earlier this year, it launched two new frozen tea variants: Teavana Frozen Hibiscus Tea with Pomegranate Pearls (floral notes of hibiscus flowers and rose petals with the tropical flavors of papaya and mango, enhanced with hints of cinnamon and lemongrass) and Teavana Black Tea with Ruby Grapefruit and Honey (a relaunch from last year, it’s a traditional western black tea combined with grapefruit and honey).

“Starbucks Teavana gives consumers a range of teas, including an India signature tea, iced teas, brewed hot teas and tea lattes with bold, layered and handcrafted flavors. Starbucks Teavana Hathikuli Tea, our newest addition, sourced from an integrated organic farm, is a full-leaf Assam black tea and is the first organic tea at Starbucks in India,” says Sumitro Ghosh, chief executive officer, Tata Starbucks, adding, “Customers in India are developing increasingly sophisticated tastes... The rise in the culture of tea cafés can be attributed to the increasing knowledge about the various health benefits of tea, as well as the large range of flavors that it can offer. A majority of the world’s population loves tea, more so Indians who enjoy all types—from masala to chamomile and green,” he says.

The humble beverage has surely come a long way. There was a time not long back when coffee shops ruled the roost. But today, tea cafés, or teafe if you will, are giving these coffee chains a run for their money. Take, for instance, Chaayos. India’s largest chai café chain was born in November 2012 with a vision to give a contemporary interpretation to the age-old concept of chai adda or ‘tea room’ culture, a place where chai was considered the perfect condiment to every discussion, ranging from life and work to society and politics. Founded by Nitin Saluja with a focus to serve freshly-brewed tea to every chai lover, it has, over a short span of six years, become a market leader in the space, with 53 cafés in six cities—Delhi, Mumbai, Noida, Gurugram, Chandigarh and Karnal—serving more than 16,000 cups of tea everyday.

Chaayos is also rapidly growing in the home delivery segment through which it delivers fresh chai in disposable kettles to keep it piping hot till it reaches its destination. “The USP of Chaayos is that you can customise your tea exactly the way you like... we call it ‘meri wali chai’. This customisation ends up creating 12,000 possible permutations of tea. Our menu also includes experimentations such as Hari mirch chai, Aam papad chai, etc. We also serve tea flavours from across the country—Kashmiri kahwa called Pahadi Chai; God’s Chai with Kangra masala from the hills; Shahi Chai for the monsoon season; Gur Wali Chai, to name a few.

The menu also includes a wide range of Thandi Chai and Iced Teas with various flavour options,” says Saluja, founder and CEO, Chaayos. The chain has even brought out its own AI-based chai robot. “The evolution of chai is not just restricted to new flavours... there is an evolution in terms of technology as well. Chaayos has developed an AI-based robot called Chai Monk, which creates fresh cups of customized tea for every consumer with minimum human intervention,” says Saluja.

Then there is SaleBhai, an e-commerce marketplace for regional goods and handicrafts, which has witnessed an increasing number of people from south India ordering the northern kahwa tea from their platform, as well as Gujaratis ordering oolong tea. The platform offers various varieties of tea such as white teas from Darjeeling, roasted tea, mango and pineapple tea, and has witnessed an increased demand from millennials. “On our site, you’ll find a gamut of tea variants sourced from where they belong: Ceylon tea from Sri Lanka, green tea from Darjeeling and black tea from Assam.

We also offer several variants such as oolong, white, chamomile and moringa. We also have flavors like mango, berry, lemon, mint, ginger, elaichi, tulsi, orange, soursop, among others. Not only are they handpicked from local farms, but the organic and Ayurvedic tea leaves are also rich in health benefits,” says Purba Kalita, co-founder, SaleBhai. Talking about where they source teas from, she says, “Bengal, Assam, Himachal Pradesh and Kashmir are home to some of the finest tea estates. We have tie-ups with renowned sellers in these states.

They provide us with the best-handpicked and superior-quality tealeaves... The response is picking up... So far, we've recorded over Rs 1.5 lakh sales in this segment." Industry experts are excited that the beverage is fast becoming a favorite of millennials. "Tea has seen a major change in the past three years, be it from the manufacturer/seller side or customer side," says tea sommelier Singh. "Today, experiments with tea can be seen in all cities across India, be it at an upscale tea stall selling regular milk tea or in a café, where a wider variety of teas are present.

The consumer is more educated with respect to teas. Their awareness with respect to the health benefits of pure or herbal/floral infusions has also helped change the tea scenario in India. That's the reason tea boutiques have grown in India... and we do see a healthy market for them. We currently aren't close to the European concept of tea boutiques, of course, but I can foresee that, in a few years, consumers' demand for a pure tea experience will only intensify," she says.

Chai reigns

What experts don't dispute, however, is that India still largely remains a CTC (crush-tear-curl) tea-drinking country, with more than 50% of the branded tea segment dominated by large-scale players who market such tea at different price points. But isn't it ironical that in such a large tea-producing nation, most people drink the lowest quality of tea? And even when offered better quality, they don't take to it? "Yes, there is a contradiction in India, where almost 90% of the population drinks CTC type of tea," says Dugarr of Teabox.

A big challenge, hence, lies in educating people about the vast variety of teas on offer, so that they know their oolongs from their rooibos. "Exotic tea demand is yet to gather steam. Consumers lack education and will take a few years to understand these teas, develop the taste and agree to pay a premium for these blends. The scenario, though, is changing gradually everyday and education about the benefits, etc., would assist to overcome the situation," says Mukerji of Typhoo India.

So how can this process be hastened? Dugarr has it all sorted out. "We will be going for intense marketing campaigns across different channels so as to engage with the younger generation. This will convince them to pay for a cup of tea when they can easily enjoy a cup of coffee (perceived as more premium in India) at the same price. We are also going to open specialty stores across major airports and different cities in India, so that people can have a more sensory experience of specialty teas—giving them a look and feel of how specialty tea is made, the kind of effort that goes into it at the garden level, etc.

This will open their minds to a world of tea, which they never knew existed in the first place," Dugarr says. "It's important to encourage the organized sector to make more specialty teas by educating them about the enormous potential this segment holds for the future... first-movers will have a big advantage in this untapped market, both in terms of the worth of their produce and garnering market share. Also, innovation should be encouraged in the sector... technology should be leveraged to reach a wider audience. Consistency and a sustained supply are crucial to keep consumers engaged and drive them from the lure of coffee," he adds.

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