

# Owning Ceylon Tea



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Ceylon Tea is the premium brand of Sri Lanka and Sri Lanka Tea Board is the apex body that governs the industry. As a globally respected brand there is much more that the industry can achieve in terms of the opportunities and markets available. Janaki Kuruppu is the first female chairperson to head Sri Lanka Tea Board. Coming with extensive experience in marketing and management she has breathed new life

into the Board as well as the tea industry as a whole. Having introduced many initiatives, uplifting the image of plantation workers, regaining lost markets while venturing into the new as well as positioning Ceylon Tea as the premium tea brand in the world are given priority. She stresses that Sri Lanka can own the tea category globally, where we realise the value of nature's blessings.

By Udeshi Amarasinghe Photography Mahesh Bandara and Indika De Silva

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**You are the first female chairperson and also the first non-tea sector person to hold this position. Can you tell us about your background and how that experience has been utilised as Chairperson of the Sri Lanka Tea Board?**

This is the tenth industry that I am working in, ranging from market research to engineering, banking and media. I always make it a point to learn about the industry I work in, because you may be the chairperson and may not need to know the technical aspects, but this helps you to do something significant in the industry that you are working in. I have an extensive background in marketing and general management that helps me to turn around an institution that is lacklustre or not performing efficiently.

At the Sri Lanka Tea Board we are responsible for Sri Lanka's best-known brand- Ceylon Tea. The world knows Ceylon Tea more than they know Sri Lanka. It is a popular and well-respected brand globally, and the majority do not realise the connection between Sri Lanka and Ceylon Tea. In the past, Ceylon Tea was at the highest level, but it is not anymore as we have competition with teas from Kenya and India. In terms of branding and image we are still number one but we have to rekindle that image overseas. I have been given this wonderful opportunity to make Ceylon Tea the top brand in the world again, and we have introduced many initiatives to do so.

**After you were appointed as the Chairperson of the Sri Lanka Tea Board we see a boost of energy in the sector. Can you elaborate on the initiatives introduced so far?**

It has been two and a half years since my appointment as the chairperson and

during the first few days, I focused on revamping the institution. I hired a cadre of people who could deliver on the goals that we had set. Proper IT and security systems were put in place, so that we could provide quick and efficient services to the industry. The tea industry is totally led by the private sector except for a very few government-owned plantations. The Tea Board is the apex body that regulates, develops and promotes the industry, as such I had to first ensure that the institution was functioning smoothly.

Then we focused on addressing issues in the industry and one of the biggest vacuums we found was the lack of promotion of Ceylon Tea. We did not have a fund for promotions before, but in 2010 Minister Mahinda Samarasinghe set up a fund with Cabinet approval. A levy was charged from every kilo that is exported and put into this promotion and marketing fund. In 2011 a cabinet paper was approved, which detailed what would be done with this fund and in 2012 we started implementing our plans. One of the key measures that I have taken is getting the communication campaign off the ground where we have identified target markets. As a government institution, it is public money that we are spending and there are many regulations and procedures that we need to follow. As a result it has taken us longer than anticipated, but no one can ever say that we did not follow proper procedure or were not transparent. We followed all procedures with maximum transparency and good governance. Though it has taken time it is never too late, because Ceylon Tea is a long-standing brand and we need to have a good communication campaign.

We are now listing and rating all the warehouses that are packaging tea. We are giving them a star rating, which increases with the standard. Strict instructions have been given to warehouses that we have found lacking while making them aware that we are delivering a world-class product. As such the entire value chain of this product from the plant to the cup, should be of the highest quality standards.

We Work With The Government And The Private Sector. We Are A Facilitator And We Help The Private Sector Companies To Improve Their Performance In Terms Of Exports. The Government Has Set A Target Of USD 2.1 Billion By 2016 And USD 5 Billion By 2020 From The Tea Industry.

We are doing the same thing with processing factories where we are rating them as well as giving them directives to improve standards or face penalties. We are also looking at transport methods, where we are focusing on reducing post harvest

losses. We conduct a programme called tea leaf sixty where the best tea leaf percentage should be 60 percent. It was around 30 percent when we started, now it is 48 percent and our target is 60 percent. If we achieve that target then we can save another ten million kilograms of the tea that we produce as production is tough.

We have limited acreage for new tea plantations, as our country is small. As such, we have to protect the leaves that we collect from the existing plantations and this post harvest loss management programme is in line with that. Our lab is now fully accredited and is of international standard. We have hired qualified people and also purchased new equipment. The Tea Board does its own regulatory and quality checks on tea, but private companies too can come voluntarily and get their tea tested before purchasing.

On the development side, the government has increased the subsidies provided. We were giving 250,000 rupees per acre for anyone who wanted to replant their land and now it has been increased to 350,000 rupees per acre. This is a grant from last year's budget. We give a grant to replant the tea, which covers about 30 percent of the cost of replanting for smallholders. Plantation companies are also entitled to this grant. We also give a grant for one million rupees for factory modernisation and fertiliser subsidies for tea farmers as well.

We work with the government and the private sector. We are a facilitator and we help the private sector companies to improve their performance in terms of exports. The government has set a target of USD 2.1 billion by 2016 and USD 5 billion by 2020. In order to achieve these targets and since our production capacity is limited, we will have to bring a higher dollar value per kilo of tea we sell. This involves marketing, branding, value addition and attracting a higher consumer level than the mass-market consumer.

We want to position Ceylon Tea as the Ferrari of tea. You cannot sell a premium brand purely on rational reasons alone. Tea is a mundane purchase and when someone goes to purchase tea, you do not actually think about whether it is BOP or BOPF. Even though Sri Lanka is a tea country, we are not particular about the tea we drink nor the manner we consume it, because it is an everyday activity. But we

want to change that and bring glamour to this entire process, make an event of consuming tea. You cannot sell a premium brand unless you have an emotional reason to do so and you cannot sell on rational reasons alone.

We must build a Ceylon Tea culture in Sri Lanka and it is with that objective we launched our first tea lounge-Ceylon Tea Moments-in Colombo. You can have the best cup of tea at Ceylon Tea Moments because it is made in the proper way of brewing tea. We are also giving the experience to the guests to sample tea during tea tasting sessions. We have also developed a Sri Lankan tea ceremony, because many have inquired from us whether we have a tea ceremony considering that Japan, China and Korea have their own ceremonies. We developed our own tea ceremony concept, using the theme of Sigiri frescoes. We launched this during CHOGM by having our first tea ceremony for the 17 First Ladies who visited the country. Since then we have been having tea ceremonies regularly with the most recent being for the visit of President of China.

Seventy Five Percent Of Our Market Share Is In Russia, CIS And The Middle East... We Have Identified 25 Markets This Includes New Markets, Existing Market And Lost Markets.

At Ceylon Tea Moments we serve Sri Lankan food as well. Now tea is definitely not an everyday mundane activity. Sri Lanka Tea Board does not intend to open outlets everywhere and manage the business. But what we plan to do is open tea houses in Galle Fort and Nuwara Eliya where we are targeting mainly tourists and discerning Sri Lankans, who will want to have this experience. Then we are also inviting the private sector to partner or take the franchise and open tea houses overseas. We will be the franchise owners. That is the long-term plan for Ceylon Tea Moments.

### **What are the plans to expand into non-traditional markets?**

Seventy five percent of our market share is in Russia, CIS and the Middle East. We have been doing fine in this region, but there are political and economic issues in countries such as Ukraine, Iran, Iraq and Syria. It is time now for us to focus on new markets and also to do everything we can to maintain our share in existing markets.

We have identified 25 markets and this includes new markets, existing markets and lost markets. If we take the UK, we used to have a 35 percent market share in the 1960s. Today, we have less than two percent. We have appointed Sir Mike Barnston, the former Chairman of the Tea Council in the UK as an honorary tea

ambassador for Ceylon Tea in the UK. We also had a campaign at Harrods and we sponsored the Sri Lanka Cricket Team as well on their tour to the UK.

Then Egypt and Pakistan are also a couple of our lost markets. It is time to regain the lost markets, because when you talk to the consumers, they are nostalgic about Ceylon Tea but they do not have a way of purchasing it. We have to rekindle the passion for Ceylon Tea, and we can do that. Besides that we are targeting totally new markets such as USA. In the US, the number one fastest growing soft drink is ice tea. We can definitely cater to this market.

China is a green tea country, but they have a market of about 20 percent black tea. In that 20 percent black tea market, Ceylon Tea has over a 25 percent market share. We are the number one in the black tea market segment in China. The Chinese have much respect for Ceylon Tea. This is an industry where the whole world looks up to us as the leader. In volume value we may be not be number one, but in relation to image, respect and quality we are still number one.

We are also looking at Latin America, Brazil and Chile. In Australia and New Zealand, we are doing alright, but we can do more while focusing on sustaining our existence in key markets.

### **What are the challenges faced by the tea industry?**

The main challenge is the high cost of production of Ceylon Tea. We are the number one in terms of value of export and number three in terms of volume. In Sri Lanka we have the garment industry, which has a similar capacity, but it can be moved to any other destination because the raw material is not from Sri Lanka, we only assemble here. But Ceylon Tea cannot be replicated or produced by anyone else because the flavour of the tea is due to the agro climatic conditions in this country. We need to protect this industry because we clearly have a great advantage in this sector. Our main competitors are China, India and Kenya. If you look at their stage of development and cost of living, their production costs are much less than Sri Lanka. We are competing with countries like Kenya who can still get labour, much cheaper than ours. But we stress that the workers in the tea sector have to be paid good salaries because even with the facilities provided to them it is difficult to find people to work in the plantations. We must respect their profession and remunerate

them appropriately so that they are happy and they continue to work in the tea industry.

Smallholder Farmers Produce 76 Percent Of Ceylon Tea. The 21 Big Plantation Companies Produce Only 24 Percent Of The Total... About Two Million People Depend On This Industry, Which Is Ten Percent Of Our Country's Population. As Such This Industry Is Very Important To Our Economy.

The industry earned 199 billion rupees last year. It is the private sector companies, exporters and factories that are making money. But we cannot forget the people who bring Ceylon Tea to our table; firstly, the tea pluckers, farmers and growers who are actually doing the hardest part of the work. We have to appreciate and recognise the contribution they are making to this country.

Smallholder farmers produce 76 percent of Ceylon Tea. The 21 big plantation companies produce only 24 percent of the total. 400,000 smallholder families, depend on the tea industry for their livelihood. Then there are dealers and factory workers. If you look at the total about two million people depend on this industry, which is ten percent of our country's population. As such this industry is very important to our economy.

We are looking at ways to support those at the end of the chain, that is the people who contribute to the industry such as the factory worker, tea plucker and smallholder tea farmers. We are uplifting the image of their profession, because it is not enough to just have smiling photographs of these hard working women. 98 percent of the workforce is women, we have to boost their morale and their image by appreciating and giving them due recognition.

We are about to launch a campaign, a recognition programme for tea pluckers, where we will select the most productive tea plucker, the tea plucker who has worked the longest number of years in the industry, tea pluckers who can pick the best leaf and other such categories where we reward them. In addition to that, we plan to give uniforms to the tea pluckers with proper boots; something that is practical for them as well as headgear, which will protect them from the sun. We want to make them feel proud of themselves and also of their profession. Already some plantation companies are doing this and they have been very successful. We want to take this across and implement it on a larger scale.

Through All These Initiatives We Are Concentrating On Getting Higher Sales In The World Market, While Strengthening The Production Chain To Sustain The Industry The National Vocational Training Institute along with the National Institute of Plantation Management has developed a qualification for the tea plucker, where they will receive a certificate upon the completion of their training. We want to recognise the best factories and those who adhere to the strictest quality standards. Through all these initiatives we are concentrating on getting higher sales in the world market, while strengthening the production chain to sustain the industry.

Hundred percent of the tea we export is ISO 3720 certified, and we are the first and only country to do so. Our companies have HACCP accreditation. The lion logo from the Sri Lanka Tea Board is given only to teas that have achieved the highest quality standards. It is the gold mark for best tea. We will promote the lion logo when we do our global campaign because we want to prevent fraudulent brands coming into the market. We want to say that if a consumer wants to be sure that they are purchasing 100 percent genuine Ceylon Tea, they should look for the lion logo. Through this we are also trying to protect our name.

Another issue is the change of weather patterns, which affects the entire agricultural sector. We have to be ready to cope up with that. Globally the trend for tea is positive. People are becoming more health conscious and they realise that drinking tea is much better than consuming carbonated beverages. In any industry, if the consumer trend is in your favour there is nothing to worry about because there is a demand. We can use this to improve the performance of this industry.

There are many opportunities and we are putting regulations and systems in place to ensure that no one takes shortcuts. If you do not follow proper practices there will be serious penalties.

### **What about private sector cooperation?**

We work very closely with the private sector. On our board the majority are from the private sector where the Chairmen of the Ceylon Tea Traders Association, Tea Exporters Association, Planters Association, Brokers Association and Tea Factory Owners Association are members. It is more private sector than public sector.



We make decisions very transparently and professionally and with the consensus of the industry. Therefore, no one in the industry can say that the Sri Lanka Tea Board is making unilateral decisions. All the decision we take are for the good of the entire industry, not for a specific segment of the industry. Even for the communications campaign we have a committee of about twenty private sector members. It is together that we discuss on how to promote the brand as well as the way in which the funds should be utilised. The relationship with the private sector is at a very good level.

**Since Sri Lanka is synonymous with Tea, Sri Lanka Tea Board automatically also becomes an institution that promotes Sri Lanka as a destination. Can you elaborate on such initiatives and how important it is for Sri Lanka Tea Board to be part of it?**

Ceylon tea is one of the most positive factors about Sri Lanka. I would say another one is Sri Lanka Cricket. But tea is more than cricket. Cricket is enjoyed by only a few countries but tea is enjoyed by almost all countries in the world. We have to build on the brand 'Sri Lanka' and the positive image of the country.

We Have Got So Much From This Country As People Who Were Born Here. It Is Time We Give Back And Realise The Responsibility Of What We Have To Do As Sri Lankans.

Unfortunately for the last 30 years, Sri Lanka was more top of mind for bomb blasts or terrorist attacks, security issues, blood and tears. There are those who still say negative things about the country. We want to change that and when a person hears Sri Lanka they should remember Ceylon tea, cricket, sun-kissed beaches and the beautiful country; bring back the positive connotations about the country. We want to go out and promote Ceylon tea from Sri Lanka and that is how we build on the connection. We are sponsoring the Sri Lanka Cricket Team and that too showcases the connection between Sri Lanka and Ceylon tea because there are people who do not realise that Sri Lanka and Ceylon are the very same. We hope that when people see our cricket team wearing a t-shirt with Ceylon Tea and Sri Lanka on it, they will make the connection.

Our tag line is 'Ceylon tea-Sri Lanka's gift to the world'. There again we are trying to connect the brand and the country, to say that this is the country where Ceylon Tea is coming from. Overall, through our brand we will be bringing the positive aspects of the country and promoting Sri Lanka as a whole. We also do joint promotions with

Sri Lanka Tourism, BOI, Sri Lanka Ports Authority and SriLankan Airlines.

**While being the Chairperson of the Sri Lanka Tea Board, you are also the Founder/Chairperson of Mother Sri Lanka. Can you elaborate on this initiative?**

Mother Sri Lanka was established in 2008 to build patriotism and positive thinking about the country. The way in which the logo of Mother Sri Lanka is done is to bring together all Sri Lankans of all ethnicities and religions together, as one united country under one flag. The tag line of Mother Sri Lanka is 'my country of 20 million people.'

Mother Sri Lanka was started during the war to make people think positively about Sri Lanka, because they were giving up on the country. People were looking for the first opportunity to leave the country. The President is working hard to bring the country together and develop the nation to take it forward. But if people do not believe that, then no leader can achieve such goals. You must have a following who believes in what you are trying to do. That is why we started Mother Sri Lanka.

Mother Sri Lanka is a non-political charity movement totally funded by the private sector. It is run from the President's Office but we have no political agenda. It is for the country to unite the people and also emphasise the need to be proud of Sri Lanka. That is basically what we are trying to do. And also we are trying to give back to the country. We have got so much from this country as people who were born here. It is time we give back and realise the responsibility of what we have to do as Sri Lankans.

We work in 2,600 schools Island-wide. Children in these schools are doing projects that teach them about responsible citizenship. They are maintaining their own toilet systems, bus stands, playgrounds, libraries and other facilities. We are building unity between communities. For example the children from Homagama are building a school for the children in Mullaitivu, then the children of Badulla Muslim Vidyalaya are building a playground in the Badulla Tamil Vidyalaya. In that manner, they are doing development projects together and contributing to the nation. This is the long-term work we are doing through the Mother Sri Lanka movement. In October, we are planning to travel on the Yal Devi to Jaffna for Deepavali. I am taking 150

children from Colombo to join with 150 children from Jaffna.

We focused earlier on making people believe in the country, but after the war we are focusing more on reconciliation and nation building. The Trustees and Board Members are working voluntarily while doing other jobs mainly in the private sector. We get leadership from the President's Office. Projects are being implemented around the country. Through this work children are becoming confident, they are now having an 'I can do' attitude. They talk with people and collect the funds and build whatever facilities are required for their schools. They are able to work on their own.

We are teaching them to get out of this dependency syndrome that is prevalent in our country. From the day we are born we get health, medicine and education free. It is not only education but also the books, uniforms and meals are free as well. If you enter the university, you get a degree free and then once the degree is obtained, there are people who ask for employment. This dependency is too much. It is good that the country is providing these benefits to its people but our children also have to learn to be independent and stand up by themselves. We are teaching our children to be independent through Mother Sri Lanka.

In Terms Of The Opportunities Available To Establish Sri Lanka And Ceylon Tea On The World Map Again, We Need To Be Dynamic. No One Has Done Anything To Revolutionise Tea. I Feel That If We Get Our Act Together And Fast, Sri Lanka Can Own This Category.

### **Final thoughts?**

In terms of the opportunities available to establish Sri Lanka and Ceylon Tea on the world map again, we need to be dynamic. No one has done anything to revolutionise tea. I feel that if we get our act together and fast, Sri Lanka can own this category. We have all the rights, given our history, traditions and what Ceylon tea has done for the tea industry to do this. We have to not only promote this industry, we have to promote Sri Lanka in a big way and draw the attention of the world towards us in a positive manner.





