

# We Have The Potential

Posted on



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**Anselm Perera, Founder Chairman of Mlesna and Euro-Scan and the incumbent Chairman of the Colombo Tea Traders Association is one of the pioneers of the Ceylon Tea industry. Amidst skepticism and despite many challenges, he has forged ahead with new thinking in the industry. He introduced the concept of value addition as well as speciality tea gift shops in Sri Lanka, which have elevated the image of tea from an everyday commodity to a priceless gift. Anselm Perera is a firm believer in value addition, quality and in capitalising on the attributes of Ceylon Tea to create a niche market for fine Ceylon Tea in the world. Amidst an ever-changing global economy, Anselm Perera is adamant that the industry must work harder and be more focused to reach its full potential.**

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**Tell us about your journey in the Ceylon Tea industry and the introduction of new concepts during a time when the industry was operated in a traditional manner?**

During my school days, I had no intention of entering the tea industry as my intention was to become an engineer. However, since I missed the required aggregate marks to enter the engineering faculty. I applied for a position at Brooke Bond; there were 74 applicants and we went through five interviews from which I got the job. I was employed as a Trainee Tea Taster at Brooke Bond in 1969. That was my entry into tea. I moved on and became the Tea Manager at Shaw Wallace and Hedges.

In 1983, I made the decision to venture out on my own. Euro Scan was registered in mid 1983. Mlesna was registered a little earlier.

With Mlesna, my first blend was Rich Brew, and customers still enjoy this blend, 34 years later. This has been my most popular blend among the elite consumers. When we started this blend we experienced reluctance to accept this product from most shop owners. Supermarkets were non-existent more than three decades ago. In that era introduction of a new brand was a difficult task when established brands were dominant and demanding.

Retailers insisted on promotional material which was luxury to newcomers (electronic media was non-existent at this time) Being a premium blend my tea was considered over-priced by the grocers. That was a major challenge, which could only be overcome by sampling and winning the confidence of the shop owners first and then the consumers. Offering free tea for retailers domestic use was a useful strategy that won hearts.

Around the same time in 1985, Liberty Plaza the first shopping mall in Sri Lanka, was established and sadly I was too late in securing a shop for a dream I had in setting up a fine gourmet up-market tea shop in Colombo.

Mr. Seelanatha Kuruppu, the founder owner of Gehantex was a dear friend of mine. When I mentioned my disappointment to him, Seela in his usual calm manner, requested me to go with him to Liberty plaza the next morning and whilst walking through his large three-block shop, showed me the corner-most shop which he had taken for himself and to my utmost astonishment said, "This last shop is yours". My natural reaction was to say "Thank you Seela, but I am sorry I cannot afford it." His immediate reply took me by greater surprise, when he said, "Don't worry I will arrange the same credit which I was offered by the mall" and topped it up further by saying, "I will sign as guarantor for you" Generosity of this calibre is usually unheard of in the business world.

The interior décor and the total concept of the shop was all created within our team as employing the services of an interior design architect was way beyond our budget. Six weeks of hard work and total commitment made it possible to create the best designed shop in Liberty Plaza at that time. The opening day with invitees and friends gave us great sales. However, the preceding weeks made us all nervous as consumers took a while to adapt to purchasing fine quality tea and accepting tea as a quality gift product.

**With Higher Quality Products, You Have A Wider And A More Popular Acceptance In The Market. With This In Mind, We Create Premium Products With Fine Packaging.**

Preceding years made this Tea Centre a popular outlet for fine tea and tea giftware.

The plush red carpeting in the shop was installed by Gehantex and in two years, when the carpet was somewhat worn-out, I complained to Seela that his lovely red carpet was all worn-out. He promptly turned around and said “rejoice when your carpet looks shabby, it is solid proof of the high traffic you have had in the shop. Take a look at the sales and you will be overjoyed”

Yes indeed, I then realised how practical he was, which made me decide to immediately replace the carpeting. It only reflected his great experience as a businessman.

This shop made me realise that when introducing a new product, a shop is an essential tool for marketing as convincing most retailers is a difficult task. Placing products on consignment sales is blocking capital. Therefore, setting up one’s own shop is a better business risk than selling on consignment basis.

A good location is an essential element for a successful retail outlet. Liberty Plaza turned out to be special and helped develop the brand.

The success in the Plaza encouraged us to set up the second store at the Hilton. Success at the Hilton encouraged us to set up a much larger store at the Majestic City. This journey continued with setting up shops in various locations creating a total of 16 Mlesna Tea Centres around the island.

Targeting the high-end customers with fine products offer greater satisfaction than concentrating on mass market average quality products.

Marketing poor quality products at lower prices is not a pleasurable business as the bitterness of poor quality will always remain long after the sweetness of low pricing is long forgotten.

High quality products cannot be produced at lower prices. Ceylon Tea has earned its reputation for being the best in the world since the colonial era. It is our responsibility to ensure that we do not allow this image to be tarnished. Working towards creating quality is

hard work and there is a need for greater dedication and attention to detail. However, hard work is rewarded by greater acceptance and appreciation by the consumers.

**Gift packs are a highlight of your shops. What was the thinking behind this?**

Yes, I focused on gift packaging and high-end consumer packs. As your life improves, you look for higher quality products. You enjoy better and finer quality food and drinks; better coffee and tea. That market, though small, is more lucrative to the investor. With a lower quality product your acceptance is limited. With higher quality products, you have a wider and more popular acceptance in the market. With this in mind, we create premium products with fine packaging.

In the past, tea was not popularly considered as a fine gift product. We embarked on a concept of the finest teas in the most appealing packaging. Many products have been created with the finest tea contained in packages of greater value than that of the tea within, our gold and platinum plated porcelain products are a classic example. All our print designs were created by one master artist, Mr Ananda Harischandra, for just under three decades. Unfortunately, with his demise we had to use the services of many other artists, but I confidently say that his artistic talent has so far not been equalled by any other to date. We still continue to use his designs in various modified formats for other new products and I am sure we will continue to do so for many decades to come.

**What about the various designs and concepts of Mlesna Tea Centres?**

I had a few different concepts in my mind. The first was to set up a tea shop in the form of a tea factory. The Tea Centre in Bandarawela was created with a stone-based structure of two floors and steel cladding at the upper level. This was inspired by the beautiful tea factory structures set up by the pioneer Scottish and British planters of the colonial era.

The second was the Mlesna Tea Fortress in Kiribathkumbura in Kandy. A structure inspired by the Fortress described in the book Rohini by Martin Wickremasinghe.

The third was the Mlesna Tea Castle St Clair which was created to commemorate and honour the Father of Ceylon Tea, the Scotsman, planter James Taylor.

These structures were created in monumental format and were created as such to give greater value to Ceylon Tea, whilst also making Mlesna a stronger brand at the high-end.

The larger structures of monumental value will certainly not be recoverable as investments in my life span. However, I trust these will remain as valuable icons to give greater value to Ceylon Tea in the years ahead.

### **What can you tell about Mlesna's overseas operations?**

I had made useful connections overseas throughout my experience in the industry. With these connections and attending overseas trade fairs with assistance of the Department of Commerce, Sri Lanka Tea Board and Export Development Board, we have managed to contact overseas buyers at different stages. Our Tea Centers too have been instrumental in creating connections with overseas visitors to Sri Lanka that have helped develop new buyers and agents overseas.

Our Russian, Hungarian, Czech, Australian, Chinese, Greek as well as a few other agents were all initially tourist customers of our Tea Centres who eventually turned out to be our agents.

Many of our agents who initially operated as importers and distributors have been inspired by our shop network and have set up Tea Centres overseas to develop their business further. Our retail network of Mlesna Tea Centres including our agent outlet overseas and our network of shops in the island have reached 120 outlets in over three decades of operation.

### **Mlesna Tea Castle St Clair Was Created To Honour...The Father Of Ceylon Tea, The Scotsman, Planter James Taylor.**

### **What do you feel are your challenges in the business?**

As you know, consumers initially make purchases with their eyes with what they see.

Clothes, jewellery, shoes, watches, sunglasses and any other consumer products are

purchased for their good looks, fine looking quality and good design. Your second purchase will take place only if your experience in using the product was good and your third and continuous purchase will take place only when the product is reliable and consistent in quality

With this consumers become brand loyal and it is amazing how a faithful consumer notices even the slightest changes in a product that they trust.

In food products this could be related to varying weather conditions and good consumers realise the slightest changes in taste profiles. The best of customers will always offer feedback to the producer and the producers must accept their criticism with gratitude as this criticism is a reflection of great consumer awareness which will naturally help the producer to improve and keep their quality consistent.

### **What must the strategy of the Tea Industry be to move forward?**

Competition in the international tea industry is heavy and we must be able to compete in the strong global market. The standard of tea and the level of hygiene in the product must be at its optimum. The world is looking at the best and the most healthy options in purchasing consumer products and hence we need to be careful of international standards to keep with requirements and world norms in every angle.

Labelling laws in the consumer world tend to offer the highest safety levels to their consumers. Hence, as producers we should encourage our agents and buyers to be one step ahead of national requirements.

International certification for food products are becoming stringent by the day. Producers need to be aware and awake to this essential requirement. Laws across the world require high standards. We must not lag behind.

**We Have A Five-Billion-Dollar Export Market Target. To Reach This Market We Must Focus On Quality Rather Than Quantity.**



### **What more can be done for Ceylon Tea?**

The message to the tea trade is clear. We must ensure that we uphold the name of Ceylon Tea. It has been rated the best in the world since the colonial era. It is up to us to do everything in our power to maintain this image.

We should not tarnish that image for short-term profitability, because once lost it's very difficult to regain.

My message to the entire trade is to reduce the quantum of tea we produce and improve the quality of the product to the levels that we have achieved in the pre-nationalisation era (before 1974) because back then our quality of products was much better. We exercised good manufacturing practices from the field to the consumer pack. We account for less than ten per cent of the world's tea production. With such a small world production position, we should not dream of producing very large volumes as the land availability we have access to is extremely limited. It is time we seriously concentrated on focusing purely on producing the finest quality teas with succulent leaf only, not going down to mature leaves as well as stems, which are now visually cleaned using sophisticated sorting machines.

This method does not improve quality in the true sense. It only gives a good leaf appearance. It is sad that some of our producers have forgotten the fact that tea is a beverage that is brewed and consumed, not adulterated with sweetening and sugar to mask the bad taste of otherwise poor unpalatable quality.

We now produce around 300 million kilos of tea of which a majority is a mass-market product, which the pioneers of the Ceylon Tea industry never intended to produce.

It is time we get our act together and follow good manufacturing practices, produce fine quality superior teas with a lesser volume just like what the Japanese and Taiwanese producers did when their labour costs and manufacturing inputs turned out to be much higher than the rest of the tea producing world. As a result of their strategy they now sell superior teas at premium prices between 50-200 US dollars. This is a lesson for Sri Lanka to take very seriously if we are to take this industry forward to the next 150 years after having completed the first 150 years just last year (1867-2017).

Sri Lanka has the same high labour cost element problem which can only be overcome by producing very high quality teas to market at prices well over 10-15 US dollars per kilo at the auction level.

We have a five-billion-dollar export market target. To reach this market we must focus on quality rather than quantity.

Our volumes can also be improved by allowing brands to go international by being cautiously liberal in allowing good quality teas to be imported for blending and value addition from Sri Lanka to overseas markets. This would prove to be essential in time to come if we are to grow the tea industry to bring in a higher volume of essential foreign exchange to build up our economy as increasing volumes of our own tea cannot be seen as an option due to the limited availability of land and labour.

Presently, the Ceylon Tea Industry is responsible for bringing in approximately 1.5 billion US dollars to support our economy, which seems to be in a stagnate state due to our rigid thinking of changing our policies with a wider outlook. Value addition in the broadest spectrum seems to be the answer for the future of a lucrative Ceylon Tea industry.

