

Tea brand Wagh Bakri brews a national plan

Our Bureau

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Delhi woke up and smelt the tea this morning. Gujarat-based tea brand Wagh Bakri, which is brewing a retail plan as well as nursing national ambitions, opened its first tea lounge in the Capital. It served an array of hand-picked varieties from Darjeeling, the Nilgiris, Sri Lanka and Kenya at the outlet.

According to Mr Parag Desai, Executive Director (Sales and Marketing), Wagh Bakri, many more such lounges are on the anvil, though they plan to take it slow and steady. The company already has a tea lounge in Vile Parle, Mumbai.

The Rs 500-crore Wagh Bakri brand, which till some time ago was mainly a regional brand serving Gujarat and Rajasthan, has been on a furious expansion spree of late. With sales volumes of 25 million kg of tea, it has now spread to Maharashtra, Madhya Pradesh, Hyderabad and Goa.

Last year, it entered the Delhi-NCR market, and Mr Desai says plans are to now move further north. According to Mr Desai, Wagh Bakri with 7-8 per cent market share of the branded tea business, is now at the third spot behind HUL and Tata Tea.

"Tea is a very fragmented



Actor Sakshi Tanwar during the launch of the tea lounge in Delhi on Wednesday.

business. It's like our political parties — there are strong regional players, who command fierce loyalty in their States. Some regional parties/brands go to the national stage," says Mr Desai, fourth generation of the Wagh Bakri clan that at one time were tea growers in South Africa.

MARKETING BUDGET

The young, US-educated Desai is the one pushing the hitherto low-profile brand into the limelight, with a Rs 40-crore marketing budget, which includes a television commercial and extensive below-the-line promotions.

Another Rs 40 crore has been invested in setting up a new manufacturing facility, forty minutes away from Ahmedabad. This will have the

capacity to blend and process 10 million kg of tea to add to the existing 25 million kg at three other existing facilities and will be operational in the next six months, said Mr Desai.

The expansion will be wholly from internal accruals, says Mr Desai, pointing out that the company is debt-free, cash-rich and growing annually at 10-15 per cent.

But, why has the tea lounge been opened in the North Delhi suburb of Pitampura and not a more central location? "We did our research and found that North Delhi is fast becoming an epicentre of people eating out and shopping. Brands like Zara are opening here," says Mr Desai.

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