



Tea time

By Varun Jain

India has always been a tea-drinking nation, so it is surprising that no big tea bar chains exist in the country, compared to the coffee cafes. However, in a welcome sign for those addicted to tea, some high-quality tea bars have begun to sprout in various cities where they can enjoy a cup of tea in an air-conditioned cafe-like setup. So what do the tea leaves tell us about their future prospects?

Tea may not run in the blood of Indians, but it sure comes close. India is the largest consumer of the beverage in the world, consuming nearly 25 percent of the global tea production, according to a December 2011 report by trade association ASSOCHAM. India is also the second largest producer of tea after China, with six lakh hectares under cultivation in different parts of the country, producing about 950 million kilograms of tea each year. The Indian tea industry is likely to reach a turnover of ₹33,000 crores by 2015, up from ₹19,500 crores at present, clocking a CAGR of 15 percent.

“Tea is cheap, affordable, and addictive in nature. Nearly 90 percent of Indian households are regular tea-drinkers,” says ASSOCHAM Secretary General DS Rawat. “Awareness about health benefits associated with moderate intake of tea is a significant factor behind an upsurge in demand, as more and more people become aware of the healing properties of tea. It not only helps combat heart-related ailments but also lowers cholesterol, protects the skin, keeps cancer at bay, strengthens bones and teeth, and contains no calories, fat or salt.” Penetration of tea in the non-alcoholic cold beverage segment is another driving force for this industry owing to the rising affinity towards ice tea which currently accounts for over 5 percent of the entire non-alcoholic beverage market in India.

The branded segment has a share of nearly 55 percent of the total tea market in India and is growing at about 20 percent every year, almost double the rate of the non-branded segment. Interestingly, Assam produces over half of India's tea and accounts for over 12 percent of the annual global tea yield, according to ASSOCHAM.

Reading the tea leaves, one may be forgiven for thinking that India would be a land where tea lounges exist in every corner, with their owners laughing all the way to the bank. The reality, however, is different. In India, tea rules the homes,



while coffee rules the streets. National chains specialising in hot beverages exist all over the country, but they serve coffee, not tea. A Café Coffee Day or Barista running hundreds of cafes in all parts of India is yet to emerge on the tea-scape of this part of the world.

In a nation of tea drinkers, this is perhaps a scandal, considering that Indians currently consume over 9 lakh tonnes of tea every year, compared to only 80,000 tonnes of coffee, and drinking tea is considered a near-religious experience by many.

Big Market, Small Players

According to Chirag Yadav, Founder Director of Chaipatty – the three-store tea café chain in Bangalore – a tea bar is a place where you not only get tea but also a nice sophisticated ambience in which to relax and spend some time. It usually offers a good selection of snacks to go with the tea as well as concepts like the *hookah*. There are not many tea bars in India currently that fit this bill, but those which do include names like Passion – My Cup of Tea in Delhi; Tapri in Jaipur; Infinita, Chaipatty, and Chai Point in Bangalore; the Tea Junction in Kolkata; Tea Pot in Cochin; Tea Centre in Mumbai; and, the Cha Bar chain run by the Kolkata-based Oxford Book Store at its master book shops all over the country. Apart from these, there are many lesser-known regional players.

At the national level, the modern phenomenon of tea bars is mostly confined to a handful of players in metros such as Mumbai, Delhi, Bangalore, Chennai, and Kolkata. Says Parag Desai, Executive Director, Sales and Marketing, Wagh Bakri Tea Group: “There are not many tea bars in the country at present. Many open up now and then, but most do not have proper resources and shut down soon. The kind of passion entrepreneurs should have towards running a tea bar is missing and that is actually the reason why we don’t see a lot of them coming up in India.”



It is not that some national players have not tried setting up tea bars. Tata Tea, the second largest branded tea-maker in the world, unveiled the first outlet of a tea chain called Chai Unchai in Bangalore in January 2008, with ambitious plans to scale up. But in late 2009, the company announced they will exit the beverage retailing business altogether as part of the group’s strategy to focus on its branded products.

India’s biggest retail giant, the Future Group, launched a chain of *chai* and *samosa* outlets in 2005 called Chamosa Bars. But despite opening many such stores all over India, the concept did not work out – there was not enough demand. Now the company has converted these into live kitchens offering snacks, sweets, and value meals.

Despite this, these are still early days for the tea bars in India – only 40–50 of them exist in the country today, compared to around 1,800 coffee cafes – and the market is still largely unorganised, though some players have begun to organise themselves. The opportunity is clearly enormous considering the large Indian population and the universal appeal of tea among Indians of all age groups in all parts of the country.

“Consumption of tea at modern tea bars is negligible in India compared to the tea that is

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executive director –
sales & marketing,
Wagh Bakri Tea Group

consumed at roadside stalls, but the market size is huge,” says Ankit Bohra, Founder of the famous Tapri tea bar in Jaipur. “In India, a cup of tea is consumed every second, and every second person in the country drinks tea! The country being the second largest producer of tea in the world, there is economy in prices and consistency in quality of the beverage.”

Desai of Wagh Bakri agrees that the market for tea bars is at a very nascent stage in the country. Compared to coffee which is perceived in India as an aspirational product, the perception among middle classes about tea is that it is really a poor man’s drink. Whatever market exists for tea bars currently revolves around some posh localities in metros and five-star hotels which serve different varieties of tea from around the world to the well-to-do connoisseurs.

Yet, all the players are unanimous that the market opportunity for tea bars is huge in India whose potential has hardly been tapped by entrepreneurs. Says a Cha Bar spokesperson: “In one word, we would describe the opportunity for tea bars in the country as ‘excellent.’ Even in an economically challenging year, the segment has

proved to be resilient. About 74 percent of Indian adult population drinks tea regularly. The youth is also getting attracted towards newer beverages and healthier tea concoctions.” Desai says health-consciousness among Indians is increasing and they have started to recognise the benefits of tea, which is high on anti-oxidants. “The market has begun to open up and that itself will create a lot of opportunities,” he adds.

Bohra of Tapri says India is the world’s second largest producer of tea, so the supply side offers economical prices and consistency in quality to entrepreneurs, compared to coffee, a huge chunk of which has to be imported. Even most domestic tea brands have now begun to focus on sales within the country rather than on exports.

Thanks to aggressive players like Café Coffee Day, Indians are quickly becoming used to the concept of cafes in the neighbourhood. The café market in India – mostly built around coffee – stood at ₹ 850 crores in 2010–11, according to Pratichee Kapoor, Associate Vice President – Food, with the retail consultancy Technopak. The figure is projected to reach ₹ 2,200 crores by 2015–16. Indians are increasingly becoming well exposed to international cultures and turning experimental in their eating habits, exploring new food brands and cuisines. A similar trend is being witnessed in the café market which is pushing the growth of tea-based concepts in India.

“The increasing exposure and acceptance of multiple variants of tea, especially the green tea, is largely driven by the Indian and global brands in modern retail, leading to the growth of a premium segment within the tea industry. Consumers are willing to upgrade to enjoy a better-quality product at all levels, entering into a branded segment or upgrading quality and flavour within the branded offer,” she says. This sure gives hope to the aspiring tea bar owners of India.



Different Blends

Considering that the market for tea bars is still in



its infancy, the existing players are pioneers who have started their ventures for various reasons. For some it is pure passion; for others, it is a calculated business decision.

“We wanted to do tea and not coffee because the potential lying under ‘thadi’ [local tea stall] has still not been recognised in India. We were totally fixated on opening up a ‘chai ki dukaan’ and were sure of setting up a new trend – in this I think we have succeeded,” says Bohra of Tapri which sells 40 types of tea in Jaipur and is planning to open a second outlet in a few months. “Tea is a common man’s drink, but there are many uncommon tea types – white, oolong, pearls, green and herbal, to name a few – yet to be experienced by him. That is where the opportunity lies.” Over the last one year, Bohra has seen many start-up tea bars emerge in

tea. “The reason behind opening up a tea lounge was that we thought we should take this kind of ownership to take the category to the next level. From being a poor man’s beverage, we wanted to take tea to the level of coffee. We wanted people to enjoy our tea. Also, we wanted to educate people about the different kinds of tea available, apart from the regular ones. We are providing our customers with 45 varieties of tea.”

The Apeejay Surrendra Group, which owns Cha Bar, is among the oldest players in India’s tea bar industry. Way back in 1960, it made a small foray into tea retail with the takeover of Flurys, Kolkata’s legendary tea room on Park Street founded in 1927 by a British couple. In 2000, it set up Cha Bar through which it introduced tea drinking into the urban environment by leveraging its existing



Jaipur which have quickly realised the potential of the idea and copied it.

For Yadav of Chaipatty in Bangalore, it was the challenge of setting up a sophisticated tea shop that appealed to him – while the process of brewing coffee has largely been standardised and mechanized, making good tea is still considered an art form. Says Yadav: “Nowadays, anyone with a fancy espresso machine can open a cafe with hardly any investment. Some ex-coffee chain employee can even bring standardisation to the flavour, add a few snacks, create a laid-back ambience, and voila! He becomes a certified cafe owner! But tea is a challenge which, if rightly tackled, can give enormous gains in terms of customer loyalty. Indians, being tea-drinkers, are always a bit partial towards a good chai that is served with love.”

Then there are national chains which are a part of larger business groups. Wagh Bakri is the third largest tea company in India whose sole business since the last 120 years has only been selling

businesses in tea and hospitality. The chain promotes tea as a healthy drink for every age and all seasons, serving not only tea from its own estates but also from tea-growing regions all over the world.

“Tea had been a fairly unimaginative, functional beverage for most Indians until we introduced the Cha Bar. It was created as a refreshing and relaxing space to turn tea into a contemporary urban living experience. Cha Bar educates and exposes the consumer to the world of tea with all its possibilities – not merely as a beverage, but as a concept. It is about re-introducing tea as a trendy social beverage and to take it out to an urban contemporary space from the dhabas and out of the home,” says the Cha Bar spokesperson.

Drinking tea is India’s national past time – it has the highest share in the non-alcoholic beverages market in the country. However, the per capita consumption of tea is still very low, standing at only 700 gm per person, as a large segment in India still associates tea with harmful side-effects. “A very small share of the Indian consumers has

Oxford Cha Bar

First outlet :

Nov.2000

Total outlets:

8

Number of cities present:

6

Avg. Sq. Ft. area:

1,200

Sales per square feet:

₹25 per day

Avg. Footfalls:

130

Top selling item:

Chai Hindustani & Iced Lemon tea

Average ticket size:

₹ 225





“The problem is that about 98 percent of tea consumed in India is milk-based. Such brewing is entirely dependent on the human element which is hard to standardise”

– Ankit Bohra,
Founder, Tapri

now started understanding the health benefits of tea,” says Kapoor of Technopak.

There was a time when Indians used to think drinking coffee was cool and sophisticated. People may be tea-drinkers at home, but when they went out with others, they preferred ordering coffee instead because of the status attached to the beverage. However, now the trend is changing, says Desai of Wagh Bakri. “The Indian youth is getting more confident and they don’t mind ordering the kind of beverage they want to have. In fact, drinking green tea, organic tea or any other brew of tea has become a lot more trendy nowadays,” he says. Agrees Gaurav Saria of Bangalore’s Infinita: “Who says tea cannot become an aspirational product in future through proper marketing and presentation of the concept?”

According to Yadav of Chaipatty, the only hindrance to mass proliferation of tea bars in India is the commonly held perception among consumers that the best tea is made at home from one’s own hands. “This myth of ‘how can a tea bar make tea better than what I make at home?’ has to be broken for the industry to flourish,” he adds. Only very involved and creative business owners can deal with this challenge.

The coffee-based café chains have another advantage: their operations are machine-based unlike the tea bars. This gives them ample opportunity to multiply and standardise. “Tea bars are not opening up in the numbers that they should because of a dearth of entrepreneurs and the skills required. The problem is that about 98 percent of tea consumed in India is milk-based. Such brewing is entirely dependent on the human element which

is hard to control or standardise. It thus becomes very difficult for tea bars to offer consistency in taste and quality across outlets,” says Bohra of Tapri.

The investment in a tea bar depends on the format and location chosen. According to the Cha Bar spokesperson, on a ball park basis, a tea bar of 100 sq.ft. would require an investment of ₹ 1–2 lakhs while for a 300 to 600 sq.ft. one would need 6 to 10 times that amount. A tea lounge concept on the other hand could cost anything between Rs 15–50 lakhs.

“Setting up a 1,500 sq.ft. Wagh Bakri tea lounge with a seating capacity of 50 to 60 entailed an investment of ₹ 30–40 lakhs for us,” says Desai. “The break-even time would be too long and as of now we are not even looking at it. Once the trend picks up, there are chances that we might offer the outlets to franchisees, but for now all tea bars we are opening would be company owned.”

According to Yadav of Chaipatty, an investment of between ₹ 6–8 lakhs would be needed for a 1,000–1,200 sq.ft. tea bar with 30 to 40 seating. He says it may take a year or some more months to break even depending on the investments. Says Saria of Infinita: “Breaking even in the tea bar business depends on the entrepreneur and what he is setting out to achieve. The business can be as scalable as coffee or any other beverage and may take anywhere from six months to two-three years to break even.”

Raising the Bar

Most tea bars highlight different propositions to attract customers. One of these is health and wellness. “Tea is increasingly being used by spas

and recommended by doctors for its healing properties. The biggest USP of tea bars is a hot and healthy drink,” says Saria of Infinita.

Yadav of Chaipatty concedes that coffee cafes may offer customers more trendy and charming options but argues that they have become quite predictable and repetitive. They are no longer a rare or niche breed – they are all clones of each other, with many of them situated in the same area, and do not give a distinctive experience to customers any more. “A tea café, on the other hand, is not a chain concept yet – it is still exclusive in most cases. It can simply become a part of your lifestyle without you fussing over the price or the time



spent, as both seem worth it. Also, with the advent of the green tea and other varieties, suddenly the consumer’s attention has shifted to the health benefits that come from having a tea-drinking lifestyle,” he says.

Bohra of Tapri says people think wrong if they imagine a tea bar to be boring and dull. His outlet offers customers music of all genres, air conditioning, hygiene, Wi-Fi, and a sitting experience tailor-made to prolong conversations. He adds: “If a good branded tea bar exists, it is a USP on its own. Coffee has limited number of genres, blends, and companion snacks to offer. Tea on the other hand has many blends and accompanying

snacks such as fried, baked, salads, light meals, and confectionery.”

Cha Bar offers 133 varieties of Indian and international tea, including flavoured tea, herbal tea, and fruit tea, to name a few. Other varieties include Darjeeling, Nilgiris, Sikkim, Oolong, Chinese, Japanese, Russian, Moroccan, Sri Lankan, Thai, and South African. Along with blends, it also serves cultural preparations like the Moroccan mint, organic tea, green tea, and even Ayurvedic tea with healing properties. No coffee café can match this variety.

The strength of a tea bar is in its brewing and blends because that is what is important to customers. “Our USP is that we offer a huge range of blends put together by our in-house experts and tea tasters, and we keep on perfecting and refreshing our offerings. The main crib of customers in India is about not getting their tea brewed correctly, so your tea has to be worth it,” says the Cha Bar spokesperson. A unique feature across all Cha Bars is one wall dedicated to kettles which displays various traditional tea-pots from across the world! On this wall, the chain promotes the dying truck art of Pakistan and the Bollywood poster art of India. Artists are specially commissioned for this.

Saria of Infinita says one can add value to tea bars by establishing trendy ones in high-density urban areas which appeal to tourists as well as the local population. New ways of drinking and dispensing the beverage can also be concocted. Yadav of Chaipatty feels the new generation of Indians is gadget-friendly and mostly mechanical. It has lost its old school tricks of cooking and spending time in the kitchen. In these cases, even a simple thing like making tea does become a task and lethargy pushes them to a well-known spot near your place serving good tea and snacks. “Unlike coffee, tea attracts more questioning from customers and expectations are high when a concept around ‘chai’ comes about. If rightly done with emphasis on creativity and prompt service without too much of frills – as customers are quite aware of the kind of tea they prefer – one can do well in this business.”

According to Bohra of Tapri, preparing tea according to customers’ palate is tough. Tea is very personal to Indians. They are well educated on taste and quality of tea in comparison to coffee, and thus are really tough to satisfy. “Coffee is an aspirational product but tea players for years didn’t recognise the power of the brand. Now it is difficult to position tea above coffee. Tea has wider offerings than coffee and many of these are aspirational. But you have to make people patronise them. We will be doing many such activities to engage people by product and concept innovation.”

Kapoor of Technopak says growth in tea bars in India is seen in three distinct types of formats. The first is tea brands. A lot of them have seen the potential of creating a space around tea. The Wagh Bakri tea lounge by Wagh Bakri and Chai Unchai

Wagh Bakri Tea Lounge

First outlet :
2008

Total outlets:
2

Number of cities present:
2

Avg. Sq.Ft. area:
1,500

Sales per square feet:
NA

Avg. Footfalls:
NA

Top-selling item:
Green tea

Average ticket size:
₹ 350-400



by Tata Tea (now defunct) are a few examples. "Premiumisation" of the brand is another advantage of opening such formats. The second is tea bars owned by tea growers or estates, such as the Cha Bar by the Apeejay Surrendra Group. The third is stand-alone tea formats by individual entrepreneurs. Quality products, apt food pairing, and suitable engagement drivers will take this category ahead.

Brewing Success

Considering that small road-side tea stalls in the unorganised sector exist almost in every nook and cranny of India, would consumers be interested in paying many times the price for a cup of tea in a tea bar? Saria says both target a totally different set of people. "There are over 500 varieties of tea in the world. The road-side stalls sell but one such variety. Also, the organised format can position itself to cater to the entire spectrum of consumers from

bottom of the pyramid to the top. The road-side stalls can't do that," he adds.

According to the Cha bar spokesperson, Indian consumers value a good tea-drinking experience, whether at road-side stalls or tea bars. "Our experience is that tea drinkers value quality and taste, and when these come bunched with great ambience, cost is not a major factor," he says. Yadav of Chaipatty points out that the road-side tea stalls strengthen the belief among consumers of tea being a cheaper commodity than coffee, and make it difficult for a tea lounge owner to get paid three to four times the cost of a cup of tea that is available from the unorganised sector. "Sometimes, even great interiors and service standards don't justify the higher cost. So tea bar owners have to think out of the box and have a proposition where the overall picture makes up for the effort put in and tea alone doesn't drive sales. Tea served in carafes or pots offers the tea party experience that one can't get out of a road-side tea concept. Also, premium tea is rarer to find in the market – only tea bars can offer it," he says.

Bohra of Tapri agrees that if tea bars charge a premium over road-side stalls, they have to justify it. "When we talk of milk-based tea, the local tea stalls dominate us. We shall always be striving to match up with them on taste. We cannot compete with them but even if we are able to win on some occasions (people usually have four to five cups

Infinitea

First outlet :
July, 2003

Total outlets:
1

Number of cities present:
1

Avg. Sq. Ft. area:
1,500

Avg. Footfalls:
500-600

Top-selling item:
Teas of all varieties

Average ticket size:
₹ 2000-3000





of tea a day), that is enough to give us good business,” he says. Yadav of Chaipatty contends that tea bars have to understand they can never be a 1,000-outlet-strong chain. People will not be attracted to a tea brand in this manner because tea is already an affordable and extremely common commodity. “Tea bars can shine only by becoming a unique novelty of a spot within their city. Their owners need to do a lot more than just make great tea, and so the hospitality, service, and the overall concept make a difference,” he adds.

Cha Bar says the most important thing is to be consistently good and remain loyal to what the consumer walks in for, just as he stays loyal to the brand despite growing competition. The company’s heritage store in Kolkata is soon going to have something unique: an interactive wall. “We are hoping this will bring some young adults who have moved away from tea back to our store by making tea look cool,” says its spokesperson. “The wall will engage people across all age groups with activities, trivia, and information about tea.”

Desai of Wagh Bakri says one should have the passion to run the tea bar business in the right spirit. The ambience should be extremely good. The pricing and quality should be right and there should be constant innovation in products. Efficient marketing, customer engagement, right location as well as the right food-and-tea pairing are important to ensure success. “The tea bar market in India has not been dominated yet and tea wars have just begun,” says Bohra of Tapri. “There is space in the Indian tea bar market for at least three national players and five to six regional players. These may emerge in the next five to six years. Their presence may make customers graduate to non-milk teas from machine-generated teas, iced tea dispensers, pre-mixed milk teas, and the like.”

Yadav of Chaipatty says though India has a bright future for the tea bar concept, entrepreneurs have to understand that it cannot be a money-driven, corporate-like set up. “The drive has to come from the heart of the entrepreneur with a lot of commitment and conviction. One has to be



prepared for a lot for criticism and comparisons and patience levels have to be high. But if one has a good concept and creativity to do things differently, like adding the old-school charm to the tea bar to let people enjoy their time, it surely is a rewarding endeavour,” he adds. Tea bars have the potential to evolve into a more premium space than coffee cafes currently occupy, predicts Saria of Infinita.

The Sudden Surge

What lies behind the renewed interests in tea bars from entrepreneurs in the metros? According to Kapoor of Technopak, any industry goes through segmentation with consumer evolution. The concept of cafes has now become evolved in India with players such as Cafe Coffee Day and Barista. “With this evolution, the segmentation in the cafe space was bound to happen, and tea bars are the by-product of this process,” she says.

While Saria believes that everyone wants to cash in when the going is good and the tea-bar concept is fresh, the Cha Bar spokesperson says that tea has very quietly become hip and is showing up in places that one cannot even imagine. Tea rooms and bars are offering people a greater variety of tea, which makes finding and trying out new flavours an exciting and pleasurable activity. “In big city nightlife spots, bartenders are slipping green, black, and scented teas into all kinds of drinkables. With

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– Cha Bar spokesperson



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– Pratiche Kapoor,
Associate Vice
President (Food),
Technopak



names like Green, Earl Grey, and Moroccan, tea is making its mark in cocktails too. Specialty tea rooms, tea lounges, and tea bars are popping up all over big cities,” he says.

According to Yadav of Chaipatty, the demand for tea bars has arisen from the dying nature of innovation at coffee outlets. “Cafes are mushrooming like crazy all over, with a single brand often having a dozen outlets in a 5 km radius. This seriously repels the youth who are looking for something exclusive. Tea bars offer them the exclusive space and feel which has become a thing of the past with the coffee cafes,” he says. Adds Bohra of Tapri: “The demand was always there for tea bars – only the suppliers were missing. This is now changing. Just over the last one month, four new tea bars have opened up in Jaipur and four more are getting ready.”

Marketing and Menu

For marketing, Cha Bar relies heavily on the word-of-mouth and admits to not doing too much to promote the chain. Special attention is paid to store windows as they generate close to 25 percent of footfalls. The brand has not yet stepped into social media space but is exposed to it through Oxford Book Store’s social media presence. “We try to stay true to our brand promise and give pleasure

to every customer who walks in. Oxford Book Stores attract book-related events in every city and Cha Bar services the guests,” says the Cha Bar spokesperson.

Yadav of Chaipatty too believes that the word-of-mouth marketing is free and works best for a tea concept. He argues that brand retention in the segment depends more on actual communication with customers than expensive advertising, campaigns, and contests.

“The owner of the tea bar and the concept itself need to talk to the customers directly. Overall, your passion has to speak for itself and make your brand increase its charm value,” says Yadav. Bohra of Tapri points out that the owner of a road-side tea stall hardly ever strategises about his business – all he does is brew tea all day long. This is what Bohra also does. “We are currently totally focussed on the product – our tea offerings – and nothing else. We wanted our marketing to be done by our own customers once they tasted our tea. And they actually did that, and are still doing that.”

Desai of Wagh Bakri is looking towards providing a range of excellent products and variations along with a good pricing strategy to attract customers. “Through regular advertisement of Wagh Bakri products in the newspapers and elsewhere, we make sure that people get to know about our tea lounges. And opening up of new outlets helps us establish ourselves as a serious player in the tea industry,” he says.

“The menu has been one of our key focus areas and is always refreshed periodically and

seasonally,” says the Cha Bar spokesperson. The chain’s menu has been researched and created by the in-house team of The Park Hotels, which has nearly 50 years of experience in fine hospitality. The selection includes snacks and tea-time favourites like sandwiches, fries, muffins, cookies, pastries, cake, quiches, and pies.

As far as the menu is concerned, Yadav says it plays a very big role in the success of a tea bar. “One has to usually keep the menu tea-centric, with more focus given on the beverage than on the food. However, sometimes a healthy mix of tea and accompaniments along with seasonal changes in snacks can do wonders to a tea bar’s popularity, he adds. “Based on the season, one can choose what kind of hot or cold beverages and snacks mix to keep. Tea time in India is mostly for gossip, so one cannot miss the role of good snacks or eatables in the equation. Regular changes are needed to keep the menu fresh, but the basics of snacks and flavours should remain true.”

Desai of Wagh Bakri says that apart from tea, their menu consists of some Indian and Continental dishes, though it is not very extensive. The company also does not keep any non-vegetarian items in the menu so as to position itself on the health and wellness platform. “Our menu is totally vegetarian and consists of dishes such as macaroni, *dhokla*, Russian salad, etc. We also undertake different customer studies while changing the menu, which is done every six months or so,” he explains.

The Drivers

Predictably, the youth segment, always ready to experiment and on the lookout for new trendy places to hang out in, is a major driver of the tea bar business in India. At Cha Bar, teenagers comprise about 15 percent of its total customers, while another 37 percent are 20 to 24 years in age. About 24 percent belong to the 25-29 age bracket, with the rest being 30 years and above. The average billing at a tea bar can be anywhere between ₹ 60 to ₹ 180 as affordability is a key factor built into the concept.

The customer profile also depends on the way a tea bar has been done up and positioned. Says Yadav of Chaipatty: “We do see the customer profile evolving on the basis of how approachable or rare the tea bar’s owner makes the outlet. Overall, one needs to understand that the primary audience will always be the youth searching for that perfect hangout. We, for one, get customers from all age groups and segments from all over the city. Tea is a very common and popular beverage in India, so the tea bar owners should rest assured that if their product and positioning is good, acceptability will come from all quarters.”

Wagh Bakri’s targeted customers belong to the upper and upper-middle class, the kind that throngs the leading coffee café chains in the country. “We have a tea lounge each in Mumbai and Delhi. The Mumbai one has been in operation for nearly four years now and 90 percent of our total



business there comes from the regular customers. This prompted us to open another lounge in Delhi which is much larger in size. About 90 percent of customers at our tea lounges are below 30 years of age,” says Desai. Saria of Infinitea says its customers are all well-travelled, well-educated, and quite health-conscious. “The main customer segment driving growth at tea bars is young and health-conscious,” he says.

Location and Expansion

Usually, it makes sense for a tea bar to be located inside malls or commercial spaces with high footfalls, preferably near educational institutions or residential districts. Says the Cha Bar spokesperson: “Before choosing the location for a tea bar, the

Chaipatty

First outlet :
Dec. 2010

Total outlets:
3

Number of cities present:
1

Avg. Sq. Ft. area:
800

Sales per square feet:
₹20 per day

Avg. Footfalls:
300

Top-selling item:
Chai

Average ticket size:
₹ 250



“By establishing trendy tea bars in high-density urban areas which appeal to tourists as well as local people, one can add value to the concept. You can also concoct new ways of drinking and dispensing the beverage”

– Gaurav Saria,
Managing Director,
Infinita

business operator needs to decide what its concept and format would be. Many of our Cha Bars are right in the city centre which ensures good footfalls. Finding prime commercial locations in metros at the right prices is a very time-consuming process and involves a lot of patience.”

According to Yadav, tea-bar locations have to be good hangout spots and should not be situated in a very ‘in-your-face’ type of property on the main road facing the traffic. Outlets at offbeat and tranquil spots with less vehicular movement can get quick acceptability from the customers because of their uniqueness and seclusion. “For tea bars, we prefer locations that are central yet not very prominent. The joys of a customer amazed at his find when he discovers and experiences your outlet is unparalleled in such cases,” he says.

Upbeat about the future, most tea bars in India already have an expansion strategy in place. Infinita, which kick-started operations in July 2003, has only one outlet in Bangalore but the recent surge in demand for high-quality tea has got them thinking about starting more. “We are going to open more outlets in Bangalore. Once we emerge as a prominent brand in the city, we will branch out to other locations,” says Saria.

Cha Bar, which started its operations in 2000, operates seven outlets all over India. “Currently we are having an expansion plan, both corporate and franchisee-led, in a stand-alone format as well as in tandem with our Oxford Book Stores,” explains the Cha Bar spokesperson. Chaipatty began in December 2010 and in the span of just over a year has already scaled up to three outlets in Bangalore at Indiranagar, Koramangala, and Whitefield. It intends to open three to four more bars later this year in the city. “We are following a ‘rare-and-scarce’ policy and would prefer to have 20 to 30 outlets at 6 to 8 locations across India. Beyond that, we would rather like to explore options in other



Most popular varieties of tea worldwide

GREEN TEA

leaves of *Camellia sinensis* that have undergone minimal oxidation during processing. Green tea originates from China and has become associated with many cultures throughout Asia. It has recently become more widespread in the West, where black tea is traditionally consumed.

OOLONG TEA

Oolong is a traditional Chinese tea produced through a unique process including withering under the strong sun and oxidation before curling and twisting. Most oolong teas, especially those of fine quality, involve unique tea plant cultivars that are exclusively used for particular varieties.

WHITE TEA

White tea is a lightly oxidized tea grown and harvested almost exclusively in China, primarily in the Fujian province. It comes from the delicate buds and younger leaves of the Chinese *Camellia sinensis* plant. These buds and leaves are allowed to wither in natural sunlight before they are lightly processed to prevent oxidation or further tea processing. This preserves the characteristic flavour of the white tea.

BLACK TEA

Black tea is a type of tea that is more oxidized than the oolong, green, and white teas. All the four types are made from the leaves of *Camellia sinensis*. Black tea is generally stronger in flavor than the less oxidized teas. Two principal varieties of the plant are used – the small-leaved Chinese variety used for most other types of teas, and the large-leaved Assamese plant which was traditionally mainly used for black tea, although in recent years some green and white teas have also been produced from it.

India: Types of Tea

The tea produced in India is divided into three main types

ASSAM TEA

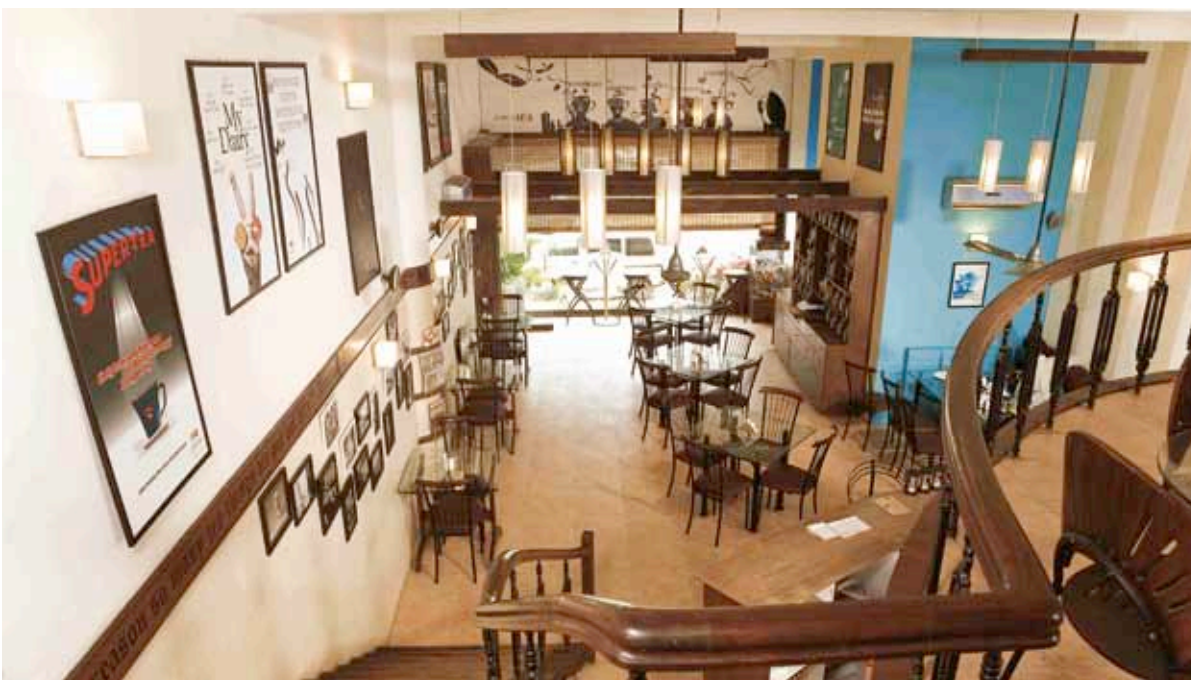
The tea estates of Assam produce a black tea known for its malty taste and bright colour. It is sold worldwide as “breakfast tea.” The plant from which this tea is derived is native to Assam and grows naturally in the wild in the state’s lowlands. The first tea estate in India was established in Assam in 1837.

DARJEELING TEA

Darjeeling tea is grown in the Darjeeling region of West Bengal. It is available as black, white, and oolong. When properly brewed, it yields a thin-bodied, light-coloured infusion with a floral aroma. The flavour can include a musky spiciness. Unlike most Indian tea, Darjeeling tea is normally made from the small-leaved Chinese variety of the tea plant.

NILGIRI TEA

Nilgiri tea is grown in the southern portion of the Western Ghats mountains of Southern India, especially in the hills of the Nilgiri district of Tamil Nadu. The tea is dark, aromatic, fragrant and flavoured. It is popular for blends meant for tea bags. The hand-sorted, full-leaf version of Nilgiri tea is among the most expensive in the world.



countries as that would add more charm to the brand,” says Yadav.

Wagh Bakri opened its first tea lounge in 2008 in Mumbai and established a second one in Delhi a few months ago. “We are soon opening one new outlet each in Mumbai and Delhi as well as in the city of Pune,” says Desai. Tapri, which started in August 2010, is also on verge of opening a second outlet in Jaipur. According to Yadav of Chaipatty, running a tea bar business currently does not pose many challenges compared to other segments, even though tea-making is an art by itself and every customer likes the beverage brewed his own way. “Real estate is not too big a factor in running a tea bar. There are not many regulatory hassles either

since no complex machinery or skill is involved in running tea bars. Operating these is certainly not rocket science or a high-investment game. The whole art lies in making the concept more interesting and different from the run-of-the-mill coffee café next door and stay tuned to the whims and fancies of customers,” he says.

The tea bar entrepreneurs are all gung-ho about the future but these are early days yet. Brewing tea being an art form heavily dependent on the human element, the scalability of the concept on a regional or national level is yet to be proven, but it does seem for the moment that a serious and formidable competition to the coffee cafes may just be beginning to brew up.●●

Tapri

First outlet :

Aug. 2010

Total outlets:

1

Number of cities present:

1

Avg. Sq. Ft. area:

1,000

Sales per square feet:

₹40 per day

Avg. Footfalls:

300

Top-selling item:

**Cutting
Ishpecial and
Masala Chai**

Average ticket size:

₹ 80