SIGN IN TO

TWITTER

□ PRINT

REPRINTS

SHARE

RECOMMEND

SIGN IN TO E-MAIL

## By SONIA KOLESNIKOV-JESSOP Published: September 17, 2009

With names like Silver Moon,

a wide range of exotic flavors,

attracting an almost religious

Emperor's White Garden, Goût Russe

Douchka and Sakura, the teas reflect

following among tea lovers. While the

rarest teas, like yellow teas, can cost

them an affordable luxury for many.

Palais des Thés in Paris.

SINGAPORE — The global economic crisis may have damped the appetite for high-end goods, but one small daily luxury — gourmet <u>tea</u> — has been posting surprisingly strong sales, prompting some tea brands to consider expanding around the world.

Gourmet Tea Sales Thrive in Sagging Global Economy - NYTimes.com - Windows Internet Explorer

http://www.nytimes.com/2009/09/18/business/global/18tea.html

Enlarge This Image

A TWG Tea retail counter in Singapore.

TWG Tea Company Enlarge This Image

Franck Beloncle/Le Palais des Thés

him a sixfold return within 18 months.

latest available data.

The tasting room at Le Palais des Thés

in Paris.

He said the company, which is privately owned, posted annual revenue growth of 19 percent in 2007-8, with sales of 9.66 million euros (\$14.2 million). Le Palais des Thés' experience has been similar to that of

other luxury tea brands, as well as specialty retailers.

\$2,120 for a kilogram, or 2.2 pounds, gourmet teas cost

30 percent more than standard teas on average, making

gourmet tea; our sales have been increasing every year by

François-Xavier Delmas, founder and chief executive of Le

"There is definitely no crisis when it comes down to

15 to 25 percent ever since we started in 1987," said

"Demand for quality products has remained strong," said Mark Daley, chief executive of Dean & DeLuca, a gourmet retailer based in the United States. "People are enjoying

more time together, more time sharing with friends, more time home entertaining." Mariage Frères, a French merchant of exclusive teas, will open a boutique in Hamburg in November and another in Munich in December. It plans to expand to London in

Its director, Philippe Cohen-Tanugi, said the company, which posted revenue of 50 million euros (\$73.4 million) in 2008, could grow much faster if it developed a franchise network, something it declined to do. "Believe me, so many have called us for that, we could have opened a store a month and

2010 and then to New York and China.

become a Tea Starbucks," he said, "but our rules of management have remained unaltered since 1983: complete integration and central decision taking in order to keep full control on the Mariage Frères image and identity." Dammann Frères, another French gourmet tea company, which sells about 800 tons a

year, used to offer its teas only through businesses like delicatessens and luxury hotels.

But last year, it started to market itself to retail customers, opening its first tea boutique in Paris. Since then, it has opened three boutiques in Japan and is considering a second in the French capital and one in London, said Pierre Merlanchon, marketing manager at Dammann Frères. One of the most aggressive players is a new entrant to the market. TWG Tea, based in

nothing while also securing shelf space at Dean & DeLuca and getting served in Singapore Airlines' first-class cabins. TWG Tea's chairman, Manoj Murjani, said he decided to invest \$10 million to found TWG Tea with four partners after an investment he made in a small tea company gave

Singapore, has managed in two years to expand its annual sales to 650 tons from

"We're really going for the high end of the market, and we're thinking big and we're starting big," he said. "From Year One to Year Two, we've grown in terms of revenues tenfold, and going forward, I think we will be growing at fivefold a year." He declined to give specific sales figures.

October, then its first in Japan and one in the Middle East in the first quarter of 2010. There are also plans for a shop in New York next year and a counter to open soon at a Dean & DeLuca store in New York. The company clearly has a strong eye for marketing, positioning itself as an innovator

TWG Tea has one boutique in Singapore and plans to open a second one there in

at \$4.20 for 50 grams, or 1.76 ounces. As with other specialist tea merchants, it aims to offer a large range of distinctive

with seasonal creations and developing beautiful, elaborate packaging. TWG teas start

blends, including White House Tea, a pai mu tan white tea from Fujian, China, blended with red berries and rose petals, created to celebrate the presidential inauguration of Barack Obama. Gourmet tea remains very much a niche segment of the overall tea market, which has

analysts said. According to the **United Nations** Food and Agriculture Organization, world tea consumption increased to 3.75 million tons in 2007 from 2.95 million tons in 2003, the

grown steadily in recent years, largely because of tea's perceived health benefits, market

Data from IBISWorld, an industry research company, show that tea consumption in the United States is on the rise, but it is still only the sixth-most-popular drink (not including tap water), after soft drinks, bottled water, beer, milk and coffee.

Specialty and gourmet tea is a fast-growing segment within the tea industry. In the United States, it is estimated to account for 8.5 percent of the \$2.1 billion in sales in 2009.

"The growth in the number of specialty tearooms in the U.S., which is estimated to total over 2,600, has further stimulated demand for gourmet and specialty tea products," IBISWorld wrote in a research note. "Similar to cafes, these establishments are changing the landscape of tea consumption to become a more social occasion."

companies have had a strong hold on the gourmet market for the last 20 years.

"I think that's because unlike the British that are very used to drinking tea, the French

Even though tea consumption has been more strongly identified with the British, French

had no preconception about tea; they are willing to experiment," said Mr. Delmas, of Le Palais des Thés. Mr. Cohen-Tanugi of Mariage Frères said, "The French drink the widest range of teas in

the world, bringing the same attention and connoisseurship to the choice of the right tea

as they would the proper wine." Milton Pedraza, chief executive of the Luxury Institute, a market research company in New York, said he thought many tea suppliers had seen tea as a mass-market

commodity and sold it that way, leaving space for entrants at the high end of the market. "With the growing popularity of tea, there is an opportunity to differentiate at the top level, even in these challenging economic times," Mr. Pedraza said. "There is consumer

interest in the premium end of almost any category, and I believe a larger segment of tea connoisseurs can be developed globally. But it will take a great deal of education to help consumers to discern differences and be willing to pay a premium, so it will be a slow build."

✓ Sign in to Recommend



🌠 Live Search



for Niche Banks

**MOST POPULAR - BUSINESS** 

1. Proposed Tax on Sugary Beverages Debated

- 2. Back to Business: Citing Risks, U.S. Seeks New Rules
- 3. Fight Grows Over Labels on Household Cleaners Gourmet Tea Sales Stay Strong in Economic Storm
  - U.S. Proposes Ban on 'Flash' Trading on Wall Street
- 6. Recovery Picks Up in China as U.S. Economy Still Ails 7. Advertising: Michelin Builds a Campaign Around Its
- Secret Reviewers 8. Suicide Victim May Have Hidden Millions Abroad
- 9. Universal Lifts the Veil on a Harry Potter Park
- 10. Your Money: Seven New Rules for the First-Time Home Buyer
- Go to Complete List »



## · Finally, a business that is too busy Rules for the first-time home buyer

**BUSINESS** 

KNOW

nytimes.com

**ADVERTISEMENTS** 

Ads by Google what's this? Astro Movers - Singapore Moving & Relocation Services Dr to Dr Worldwide call: 67912488

www.astro-movers.com Free Forex Market News Interactive Charts, Market News, and recaps with a free demo account

Visit the Linden Tours Education Fair in Singapore to find out more.

www.lindentours.com

www.cmsfx.com/

Go to University in USA