

Brewing change in tea business



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Mr Dugar

Teabox aims to be a changemaker in both its supply chain and the way it engages customers. **BY PRISCA ANG**

TO tea-lovers, the beverage is just a welcome refreshment, the simple yet delightful product of tea leaves soaked in a hot cuppa. But Siliguri-born Kaushal Dugar has a slightly different story to tell. Growing up in the town in India’s Darjeeling district of West Bengal province, Mr Dugar is no stranger to tea plantations.

As a child, his holidays were peppered with visits to the gardens, where his father ran a business in tea garden supplies and equipment. “I loved it,” says Mr Dugar. “For a small child like me, it was magic – the way a small green leaf is transformed into such a delicious drink.”

This passion was an ingredient encouraging the founder and chief executive officer of online tea shop Teabox to view the tea industry in a new light.

Taking a twist on Indian tea, the three-year-old e-commerce firm defies the conventional notion that one needs to see, smell and sip one’s tea to be truly won over.

A visit to its portal Teabox.com shows an extensive selection of 150 single estate teas – the largest, Mr Dugar claims, of single estate teas online.

Drawn from over a hundred tea estates across India and Nepal, they are derived from gardens in Darjeeling, Assam, the Nilgiris in south India and Kangra in the northern Himachal Pradesh, as well as from estates in Nepal.

Each product page also carries the date of picking, along with a detailed description of the tea: 2014 Masala Indian Chai, for instance, is a full, rich, no holds-barred spicy mix of green tea, holy basil, and lots of spices.

If numbers are anything to go by, Teabox’s fresh approach to tea has paid off.

The company has delivered teas to 75 countries over the last two years. These include countries which “wouldn’t ordinarily figure in the list of tea-importing countries”, such as the Micronesian islands, Chile, Argentina and Iraq.

It comes as little surprise, then, that Mr Dugar describes the reach of his online tea shop as “limitless”.

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In addition, its online model enables the company to create a more “personalised experience” for customers. The website, which has multiple language versions including Russian and Chinese, offers customer support in the local language.

Furthermore, tea discovery programmes offer potential customers a chance to savour new teas. The Teabox Fresh Beginnings, for

one, allows customers to enjoy five new tastes monthly at US\$10 for the first box and US\$25 for each subsequent box.

Curated by Teabox’s in-house tea experts, the packs come in different themes every month. March, for one, saw five different breakfast teas in its subscription box.

However, despite its samples, Teabox may need to address its lack of a physical presence. “E-commerce typically complements an offline presence,” said Clive Tan, director of 8 Investment, a Singapore company that provides training for investors.

Mr Tan added that e-commerce is often suitable for a manufactured product, but could be trickier for a product like tea which is more varied.

When it comes to food which come in grades, such as tea leaves, they can probably sell at a premium if they build up a good base, he said. “There is no hard and fast rule. Nowadays, as our standard of living rises, people want the experience, and not just the products.”

That may just fall into Teabox’s next line of action.

Although it has no brick-and-mortar outlets, Teabox plans to set up two experiential stores in New York and San Francisco that will give customers a taste of its teas. However, customers will still be directed to its online portal should they wish to make purchases.

In addition to changing the way tea is sold, the startup has also critically examined its roots, striving to be a changemaker in the tea supply chain.

This, in an Indian tea industry which “remains stuck in the past and is ready for a shake-up”, says Mr Dugar. Despite being the world’s second largest producer and fourth largest exporter of tea, India’s tea industry continues to follow practices set up during the British Raj, he says.

Its entire value chain consists of middlemen, including brokers, importers, wholesalers and distributors. It may be little wonder, then, that it usually takes three to six months for teas to hit the shelves of retail stores after production. By then, he says, they would have lost their aroma, flavour and taste, and their cost would have increased.

In an industry steeped in tradition, Teabox drinks to a “farm to cup” model.

Working with estates across India and Nepal, the firm sources fresh tea leaves selected by Teabox’s experienced tea tasters. This “direct, first access to teas almost as soon as they are produced gives Teabox a unique advantage over any other tea retailer”, says Mr Dugar.

Collected hours after production, the sourced leaves promptly undergo a rigorous quality-control process, whereby only those of the best quality are selected and stored in temperature and humidity-controlled facilities.

Vacuum-packed in opaque packaging for

protection against environmental conditions, the leaves are then shipped to customers within 24 hours of their order, and reaching them in three to five working days.

Touching on the inspiration behind the business, Mr Dugar recounts that he set up shop upon returning home from Singapore, where he studied at the Singapore Management University (SMU) before spending four years as a KPMG analyst.

Wanting to explore his options in a “booming Indian economy”, he worked for his older brother who runs a tea export business.

That experience drove home the reality about the Indian tea industry. “I experienced another side to the tea business, which I had not seen as a child accompanying my father.”

Surprised by how outdated the industry was, he perceived a great opportunity for change.

Currently, Mr Dugar anticipates growing demand for Teabox’s products.

“Over the last few years, we’ve witnessed the emergence of a new kind of consumer, one that isn’t just looking for high-quality tea but also seeks discovery and adventure.”

From his time spent in Singapore, Mr Dugar observes that while Singaporeans “have traditionally been coffee drinkers”, tea is catching on. The beverage is gaining traction as a “lifestyle trend” that helps consumers escape the pressures of daily life.

Tea is also an agricultural product “much like wine”, he explains, as the taste of tea derives from the terroir that surrounds it. Unlike premium wines from Europe, however, there isn’t an established narrative around Indian tea. For Teabox, this is both a challenge and a unique opportunity to “define the story for an entire industry”, says Mr Dugar.

The firm’s vision has not gone unrewarded. Just this month, the company announced that it secured US\$6 million in Series A round of funding led by Jafco Asia. Other participants include Accel Partners, which seed-funded the company in early 2014, Keystone Group and Dragoner Investment Group.

With its recent funding, plans brewing in Teabox’s pot include expansion in markets such as China, Japan and Korea. The company will also continue investing heavily in marketing, back-end processes and infrastructure, as it has done throughout the last year.

That said, he has some advice for budding entrepreneurs in fields dominated by large firms. Firstly, they should innovate to deliver quality products which offer genuine, and not just cosmetic, benefits.

Secondly, “never underestimate your customers”, he says. “Believe in their desire, interest, intelligence, and capability in quest for something better.”

Personally, Mr Dugar prefers Darjeeling first flush white teas due to their exquisite taste and character.

“I’d recommend a first timer to get started with a subscription package. Tastes can be very subjective and the journey to discovering your favourite tea is far more exciting than just selecting one tea and trying it out.” prisang@sph.com.sg