

Wagh Bakri brews vending plans for smaller towns

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Gujarat Tea Processors and Packers, the maker of Wagh Bakri tea, plans to be the first to take its vending distribution into hinterland. Targeting States such as Rajasthan and Madhya Pradesh, Wagh Bakri's vending machines would soon be set up in offices and at railway platforms in tier 2,3 cities such as Jodhpur, Udaipur, Jaipur and Indore.

Parag Desai, Executive Director, Wagh Bakri, said, "There is demand for vending machines from smaller towns and rural markets. MNC players such as Nestle and Hindustan Unilever are still not there and we expect to take the lead in taking this distribution model. OOH (Out of Home) category is a huge market and even in rural India not many people have time to make tea. Such consumers are open to the idea of vending machines even in places such as factories as it is a hygienic option for making tea."

At present, vending machines account for a meagre 5 per cent of OOH category with players such as Nestle and HUL dominating the segment. "We have made innovations with iced tea and instant tea from Wagh Bakri and expect vending machines to cater to people on the move even in the rural markets. In fact, the future of tea is going to be in the rural markets," he added.

Wagh Bakri has already installed 1,000 vending machines in urban markets. Going forward, this is going to



After retail sales, the firm believes vending machines are going to be the new distribution channel. — Paul Noronha

be the additional distribution channel for most beverage companies. "Today 99 per cent of our sales come from retail but vending machine is going to be the new distribution channel. We will be selling our premixes and tea bags through this channel," said Desai.

Meanwhile, real estate constraints have led the Gujarat-based tea company to go slow with its lounge concept. After two big lounges in Mumbai and Delhi, it is not in a hurry to take its format overseas to West Asia. "Plans are on the drawing board but it is going to be difficult to expand with the lounge format since real estate

is not expanding that fast. Our priority is going to be the Indian market but going forward we are looking at West Asia," he added.

Besides, it is also looking forward to sourcing some fine quality tea from the second flush (the best period for availability of quality teas). "The tea season has just started and we are looking forward to better profitability with good quality teas. The Indian tea market can grow by at least five per cent if consumer preferences for quality tea are met and import duty is lowered," said Desai.

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