

# Case study tapal tea (private) limited



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Pakistan was the second largest tea importer of the world after England.

Almost all the tea consumed in Pakistan is imported. Tea is popular beverage in both Urban and rural areas of Pakistan. The total retail market of black tea was estimated at 140, 000 tons i. e. Rs. 35 billion in 2001. The retail market of tea is growing at rate of 2. 6 % annually.

95 % of tea imported from Kenya comprised of leaf tea and dust tea. In Pakistan consumption of tea in urban areas is 40% while 60% contributed by rural area . Tea is sold in two categories of branded and unbranded packages. Branded tea constituted 55% and unbranded has 45% market share.

### **Industry Competition:**

In Pakistan, Unilever is market leader with 60% share while Tapal has 26% share and the remaining 14% includes small players such as Kohinoor, vital, isphaani.

### **UNILEVER-The Market Leader:**

Unilever is major competitor of Tapal, under taken several marketing mix activities to enhance their product sales of Lipton Yellow Label & Brooke Bond Supreme brands. Unilever introduced 500-grams packaging to cater demand from tea stalls. They also made changes in Lipton logo.

From pricing point of view Unilever revised prices from time to time to time due to various changes in micro and macro environment. For distribution Unilever has 6 regions with 526 distributors nationwide. They also support some of the weak distributors by giving them three-wheeler by investing Rs 5 millions to improve their performance.

## **Introduction of Tapal tea**

Tapal was the largest Pakistani owned tea company in the country founded by AdamAli Tapal as a family concern in 1947 at Jodia bazaar in Karachi. Initially they started from an unbranded tea to cater tea stall and restaurant in Karachi. This unique brand named as FAMILY MIXTURE soon becomes the largest selling brand in the tea market.

Tapal is supposed to be pioneer in number of development in tea industry of Pakistan which includes new category of DENEDAR tea , introduction of high quality tea from Kenya, ISO 9002 quality certification, soft tea packs and metal free bags in Pakistan.

Brands owned by Tapal:

Tapal Chai Family Mixture

Danedar Leaf Blend

Chenak Dust

Mezban Super Dust

Gulbahar Green Tea

Tapal Special Teabags

Safari PF

## **Marketing & Sales promotion Activities by Tapal:**

In order to increase and retain the market share of Tapal in tea industry, Tapal applied number of marketing mix strategies to improve their sales in period of 1998-2001.

Tapal changed packaging of its leading brand, Tapal DENEDAR to revamp the brand image and to fight with other counterfeit brands , they also launched the sachet packs. Tapal revised prices about four to five times in the given period of time to stay competitive with other brands.

During the period of 1998-2001 Tapal spent 1. 75% of its annual retail sales on advertising & promotion. They also took over some ATL and BTL activities . with the help of print and electronic media Tapal promotes new logo " Tapal- Makes Tea Time Terrific".

## **Sales Management:**

Tapal sales territories were divided on the geographical basis. The whole market is divided into two regions North and South both are independent of each other. Northern region included Punjab and Khyber Pukhtonkha while the southern region consisted of Sindh and Baluchistan. Northern town has 6 zones which are further divided into 23 territories. Southern region has 6 zone having 17 territories. A territory executive assigned to each territory. Total distributors in Pakistan are 400, 203 in northern region and 197 in southern region.

## **SELECTION CRITERIA**

The territory executive needed to be a permanent resident of the area assigned and should have 2-3 yrs of selling experience along a minimum graduation degree.

Hiring of territory executives was done at regional level with the final approval from the Head Office (Karachi).

## **SETTING SALES QUOTA/TARGET**

The market gap was analyzed at the first hand for setting sales target for the territory. Then the actual sales of Tapal, Unilever and others in the previous year were added up to determine the market size. The competitor sales were estimated through market intelligence from competitor`s distributors. The sales forecast is given by the distributors which are then assessed by the territory executives who submit the revised estimates to Zonal Managers. It is then approved at the final level by the Regional Managers.

The annual quota is communicated to the territory executives and distributors by the second week of July each year.

## **Problems & Issues faced by Northern Region of TAPAL:**

Declining sales

Negative variations in sales quotas assigned to territories.

Rising selling expense

Number of distributors are not appropriate with population size and no of outlets

Unbranded tea suppliers are not considered by Tapal Zonal Managers.

Zonal managers had set too optimistic targets for territory managers that are not realistic.

Zonal managers were unable to assess and improve the performance of territory managers.

Zonal managers had not appropriately planned sales territories.

Zonal managers were unable to add no. of distributors to cover the wider area they are just working with current distributors and increasing the no. of retail outlets.

From exhibit 9, we can sort out that out of 23 territory executives just 1 is showing excellent performance, however 8 executives are showing poor performance and 8 are just fairly performing their jobs.

From exhibit 10 we can see that the company was too optimistic and it set its target sales too high as compared to previous year in all territories specially in Rawalpindi II (of about 354% increase in sales target), Sarghoda 260% increase Faisalabad 59. 2% increase

### **Recommendations to Overcome Problems:**

Zonal manager should consider unbranded tea products while focusing on MARKET Gap.

When distributors give their sales forecast to territory executive, they must also concern with the problems faced by the distributors and try to solve them as Lipton helps their weak distributors by three wheelers.

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Clearly define the territory boundaries to Eliminate cross area sales problems. And take strict action on it.

Company should cut-down unnecessary distributors to reduce selling expense, and increase new distributors where there is a market gap.

Reduced the basic salary structure and Increase the incentive system so as the sales force motivate to achieve targets.

Sales Quotas must be realistic and attainable in consideration with market potential.

Zonal manager make teams of territory executives having good and excellent performance with executive showing poor performance so as poor one can learn the tactics to be successful.