

# [International marketing plan for paksitan tea industry essay sample](https://assignbuster.com/international-marketing-plan-for-paksitan-tea-industry-essay-sample/)

This marketing plan outlines the strategy which Twinings is going to adopt in its attempt to enter into the Pakistani market for hot beverages. Pakistan is the second largest tea importer after Russia with an estimated annual consumption of 170 million kilograms. Since Pakistan’s domestic tea production is insignificant, the demand for tea is met through exports from 21 countries across the world. The principal contributors to the import of tea in Pakistan are Kenya, Bangladesh, Brundi, China, India, Malawi, Nepal, Rwanda, South Africa, Sri Lanka, Uganda and Vietnam. Kenya tea enjoys around 85 percent market share in Pakistan. In the last couple of years, imports from India have been increasing and Indian tea has been able to corner a market share of 11 percent in Pakistan with a corresponding decline in imports from Bangladesh and Sri Lanka.

All these figures offer exciting prospects of doing business in Pakistan. Considering the popularity of tea brands from Unilever and Tapal, it was felt that there will be acceptability for our products in Pakistan. With increasing exposure to western culture, it would be easier to communicate with the consumers and convincing them of the superior offerings from Twinings. With a superior legacy, we would be in a better position to exploit the situation and establish our presence in Pakistan. Since the consumer behaviour in Pakistan tend to be different in urban and rural markets, we have devised appropriate strategies to target each of these markets.

This report outlines the various activities which we would undertake in order to corner a major share of the premium tea market in Pakistan.

Introduction

The hot beverage market in Pakistan offers tremendous opportunities for tea blenders and marketers because of its significant growth in recent years. According to a Euromonitor study (2008), the market grew in both volume and current value terms in 2007. Among all the hot beverages, tea is the most dominant drink. The demand for tea is driven by sales in the rural areas in Pakistan. Officially alcohol is banned in Pakistan, which is one of the primary reasons of the country being one of the highest per capita consumers of tea in South Asia.

The government also plays a crucial role in driving the demand for tea in Pakistan, through reduced import duties. These measures are also directed at reducing the smuggling of tea into the country from various parts of the world. Tea is primarily smuggled from Kenya while the African countries as a whole constitute the largest suppliers of legitimate tea. Tea is smuggled through the border areas of the North West Frontier Province (NWFP) and Baluchistan and is priced at 50 to 70 percent of the price of legitimate tea sold in Pakistan. This is an area of major concern for the government.

There is an increasing awareness about health among Pakistani consumers, which is driving the sale of green tea and fruit/herbal tea. These special teas are more popular in the urban areas, although the rural areas are also catching up with the demand for these products. Among other hot beverages coffee is popular among consumers in urban areas, which are influenced by western lifestyles, especially among the younger generation of Pakistanis.

The peculiarity of the Pakistani tea market is the brand awareness among the consumers. This has been effectively exploited by local marketers by introducing copy cat brands with similar sounding names as their more established multinational counterparts. Because of low education levels, especially in rural areas, people buy the products based on packaging and imagery without being able to identify the spurious brands from the real ones. This is why brands like Pearl Dust and SUPERWE, which are concoctions of Pearl Dust and SUPREME from Unilever, are doing well in the Pakistani market.

Keeping this situation in mind, we have decided to enter into the Pakistani market with the Twinings brand. The attraction of the market and the popularity of well established brands offer an opportunity for us to seriously look into this market

The Pakistani customers are being influenced by the western lifestyle, which is corroborated by the increasing popularity of health based beverages like green and herbal tea. This is one area which offers immense opportunity for our organization. Moreover, more than 40 percent of the tea market in Pakistan is accounted for by unbranded tea. Even if we assume that the market shares of the established players are going to remain unchanged, we can convert consumers who currently consume unbranded tea to use our product.

In a market where branded products are dominated by global players, we can create a niche for ourselves by positioning ourselves as blenders and sellers of specialized tea with a wide variety of blends suited to the requirement of the customers.

Internal situation

Strategic market position

Twinings has been in existence for over 300 years and has established itself as a widely respected blender for tea across the world. The company has presence in more than 100 countries and produces nearly 200 blends of tea. Worldwide it is the second largest tea brand and is part of the ï¿½6. 8 billion Associated British Foods plc. Internationally the company is known for its premium products. We are going to leverage this positioning for our operations in Pakistan.

Objectives and levels of achievement

We are guided by the twin objectives of opening up the world of premium tea by making new blends and to encourage consumers to try Twinings and its new blends.

The segments we would target are the users of Unilever and Tapal brands as these customers are more likely to pay a higher price for our products. In our communication we would highlight our legacy and our expertise in blending. Although our primary focus in the initial years would be the urban markets, we would also aim at the rural markets in the long run and follow a market penetration strategy. We feel that being a niche player in the market may not help us in the long run. Moreover, there is a huge market for unbranded products which can be suitably targeted. We would also aim to target the grey market, which currently is dominated by imports from Kenya. Our global presence would also help us to source our basic products from different parts of the world and equip us to meet the taste requirements of our customers. In addition to household consumers, we would also look at the institutional buyers like hotels and offices. These segments are less price-sensitive and more quality conscious. We can seek to tie-up with global hotel chains and multinational companies which operate in Pakistan.