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COMMITTEE ON COMMODITY PROBLEMS

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POSSIBLE APPROACHES TO GENERIC PROMOTION OF TEA AND THE USE OF THE TEA MARK

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I. INTRODUCTION

1. The Intergovernmental Group on Tea considered the status of the Tea Mark at its 15th Session and concluded that there was a need to arrive at a decision on the future of the Mark (Report of the 15th Session, CCP:TE 03/7, paragraph 30). It therefore requested the Secretariat to prepare options that the Group might consider for the use of the Mark, including an exit strategy, and it further decided that in the meantime member countries who were interested could use the Mark for a period of one year *gratis*. The following report was prepared in response to the Group's recommendations.

II. GENERIC PROMOTION PROGRAMMES OF TEA USING HEALTH AND OTHER RELATED MESSAGES OF TEA CONSUMPTION

2. Generic promotion programmes may be characterized into three broad categories: national programmes "in-country", national programmes in export markets and international programmes.

3. Most on-going generic promotion programmes for tea fall under the first two categories. A wide range of activities are covered in these two categories, and information on the thrusts of the programmes and levels of expenditure is not systematically available. However, a recent literature search indicated that generic promotion is high on the agenda of tea producing countries such as India, Sri Lanka and Kenya as well as other countries.

4. As regards "*in-country*" promotion, the tea industry of India with financial support from the Tea Board and the Union Government has developed a programme aimed at strengthening tea consumption domestically, both to raise the relatively low level of average national intake as well as to counter increasingly strong competition from aerated soft drinks. Until 1995 domestic consumption was rising not only in absolute terms, but also per capita. Since then the rate of market growth has fallen according to national surveys from 2.5 percent to an average annual rate of 1.8 percent. Promotion of tea in the domestic market has been mostly in the form of media presentations and publications. Under the 2004 national budget, generic promotion of tea in India is one of the major activities (along with rehabilitation of tea gardens, encouragement of orthodox tea production for export and assistance to research and development) qualifying for support from a Rs. 1/kg excise duty.

5. In Kenya, domestic generic promotion undertaken by the Tea Board making use of health-related messages was reported as having contributed to the 14 percent growth of the market in 2003, thus reversing a decade of declining trend. Moreover, in the second year of the campaign various packers were encouraged to undertake brand promotion activities to take advantage of the tea and health awareness created by the Board. The Tea Board has reported use of the Tea Mark in Kenya during the past year.

6. In Sri Lanka, in response to proposals aimed at increasing tea consumption in the producing countries, a number of programmes have been implemented by the Tea Board over the past year. One such programme involved conducting seminars for medical professionals in order to disseminate research findings on the health aspects of consumption. Nine such seminars were conducted from 2003 covering most of the regions in Sri Lanka in association with the respective clinical societies. At these seminars, a tea and health bulletin titled "Health in a tea cup" was distributed and approximately 75 to 150 doctors attended each seminar. The topics covered included the nutritional aspects of tea, tea and cardiovascular disease and tea and oral health. The panel of speakers consisted of scientists and professional doctors who thoroughly examined the subject. This programme is being continued. Workshops and seminars were also conducted targeting Housewives Associations in various regions, with lectures being provided by officials of

the Tea Board. The topic of tea and health was also included in various local tea promotion programmes and through print media.

7. As regards *national programmes in export markets*, these generally involve promotional activities in markets perceived as being of particular importance to the producing country concerned. Such programmes are generic to the extent that they carry an overall message regarding the benefits and quality attributes of tea, but they are not international because they focus on the national origins of production, and indeed are often strongly associated with national industry brands. Thus, between October 2002 and February 2003 a promotion programme was undertaken by India in the Russian market promoting various tea brands through print and audio-visual media, and over the next 3 years the Tea Board along with the Government of India will be undertaking similar promotion in the markets of CIS countries. To strengthen the national image of Indian teas, funding has also been allocated to develop a single logo, similar to the Lion logo used by Sri Lanka for generic promotion of its quality product in export markets. Following deregulation of the plantation sector, the Tea Promotion Bureau of Sri Lanka continued its role of generic promotion, while brand promotion activities were handed over to the Tea Association. In Kenya the Tea Board has over the past few years targeted promotional activities in West Africa, Eastern Europe and the Near East. Thus, such generic promotion activities seek to augment overall tea consumption in selected export markets, but like brand promotion they also aim at obtaining a larger share of the existing market. *International generic promotion* is, in the strictest sense, not very prevalent. Aside from the efforts pursued under the auspices of the Intergovernmental Group on Tea, there are not many examples of joint efforts aimed at general market expansion. The closest that one can come to international promotion of tea is the cooperation of industry representatives from producing and consuming countries in specific market expansion activities. For example, the Tea Board of India participates in generic promotion carried out by the Tea Councils in the United Kingdom, Germany, the United States and Canada. Similarly, Kenya participates in the programmes conducted by the Tea Association of Germany following its re-entry into that association.

8. Perhaps the most significant example of international efforts for generic promotion of tea is the work carried out under the auspices of the Intergovernmental Group on Tea with funding from the Common Fund for Commodities and co-financing from the Tea Boards of India, Kenya and Sri Lanka, the Tea Association of Indonesia and the Tea Councils of Canada, the United Kingdom and the United States. The “Programme to create an increased demand for tea through research on the human health benefits of tea consumption and generic promotion” had the outstanding merit of focusing international research on the health aspects of tea consumption and generating a body of scientifically sound information regarding the beneficial aspects of such consumption. This core information has been used in tea promotion programmes, whether of a generic or brand nature, in most tea producing and consuming countries since the completion of the project in 1999. The development of a body of scientifically-based information attesting to the values of tea consumption as part of a healthy life-style is cited by many other commodity producers as an example to be emulated for consumption enhancement. Even though efforts to organize, administer and fund an internationally agreed generic promotion programme for tea making use of the registered Tea Mark have to date not met with success, in fact promotion of tea based on health-related messages has surged in the last few years.

III. DETERMINANTS OF AN EFFECTIVE GENERIC PROMOTION PROGRAMME

9. Stagnating or slowly rising consumption levels, increasingly competitive markets, declining levels of support to the production and marketing of agricultural commodities and the spread of modern information technology have increasingly stimulated interest in generic promotion programmes designed to affect consumer preferences and strengthen demand for a wide range of primary agricultural products. Generic promotion aims at strengthening the market for the benefit of all producers, in contrast to brand promotion that seeks mostly to increase the

share of the market for a selected producer. The rationale for generic promotion is particularly strong where there are large numbers of producers responsible for a generally homogeneous agricultural product, and individual producers are unable to differentiate and promote their own products. The specific objectives of generic promotion are to increase sales or contain reductions at given prices, augment prices or at least contain reductions, and induce consumer loyalty because of the intrinsic values of the product as portrayed through generic promotion.

10. Since existing generic programmes are mostly funded, either directly or indirectly, by those involved in the production and marketing of the products concerned, there is a strong interest among these sectors to ascertain the value of the programmes. While adjustments can be made to improve their delivery, the discontinuation of inappropriate or ineffective programmes remains the most likely alternative. In the light of the interest in possibly undertaking generic promotion for tea making use of the health-related communications package and the associated Tea Mark, it may be useful to review the the determinants of successful generic promotion programmes, drawing on the experience of such programmes for other agricultural commodities.

11. What then were some of the factors determining success and continued willingness to self-generate resources for the implementation of commodity research and promotion programmes?

A. COMMONALITY OF INTERESTS

12. Most commodity industry promotion programmes are based on a perception of shared identity and interests in a defined market. This perception exists mostly among producers in relation to national markets. The existence of a significant, or rapidly growing, import sector raises issues regarding equity if the promotion programme is funded only by the producing sector.

13. In the international market, industry perception of shared interests tends to dissipate because of the multitude of special factors governing commercial relations in the global economy. Thus, promotional activities in export markets tend to have a large public sector component (and funding). Nearly all major exporting countries undertake government-funded or technically assisted promotion programmes for their major agricultural commodity exports. Such programmes are attracting increasing attention in WTO to define what export promotion activities are permissible as non-trade distorting.

14. Another factor governing the commonality of interests is the structure of the industry. The major players in a highly concentrated industry may perceive little incremental value from generic promotion for which they would be the main financiers, but rather may see brand promotion as offering the greatest value.

B. STRONG PRODUCER SUPPORT

15. A successful generic promotion programme requires first and foremost strong support from the producing sector that is usually most called upon to provide funding, either directly or indirectly. Where processors and marketing firms have an important stake in market performance, their association with the programme can reinforce the impact of promotion activities. However, where products are sold mostly in processed form, generic promotion is less used than brand promotion because of the differentiation that may result from processing.

C. HIGH LEVEL OF INDUSTRY PARTICIPATION

16. The longer term viability of commodity market development programmes depends to a large extent on the full participation of the industry, or a large share thereof, to avoid the "free-rider" problem. In a national market, this condition is easier to achieve than in the international market where many smaller suppliers may be active. An internationally funded generic promotion programme requires an understanding regarding the minimum level of participation that is compatible with the objectives and funding burden of the members. Obviously, procedures are

needed at the very outset so that participants can withdraw from a programme if they believe that it does not serve collective interests.

D. PREDICTABLE FUNDING

17. Market development programmes and the associated promotional activities need to be implemented over a number of years if their full benefits are to be realized and if they are to have lasting effects. Thus, predictable funding arrangements are needed so as to allow the planning and delivery of appropriate programmes. Ideally, a 3-5 year funding commitment provides the necessary stability to carry out productive projects. In an international setting, provision is needed for currency fluctuations to ensure stable programme levels.

18. Predictable funding is easiest to organize at the national level. For example, in the United States where generic promotion of agricultural commodities began in the mid-1950s, national legislation authorizes generic research and promotion, with funds obtained mainly from obligatory producer assessments, usually based on volume or value of products sold. A large portion of the funds collected are administered through commodity boards. Such programmes are subjected to referendum to confirm producer support. While a few programmes have been terminated, such as the check-off for cut flowers, most have been retained and over the years have generated increasing levels of funding. The largest amount of funds generated under the national "check-off" programmes, by commodity sector, are for Dairy (US\$ 244 million in 2001), processed Fluid Milk (US\$ 109 million), Beef (US\$ 88 million), followed by Soybeans, Cotton, and Pork (each between US\$ 55 million and US\$ 62 million), Peanuts and Eggs (about US\$ 19 million each), and lastly Honey, Mushrooms, Popcorn, Potatoes and Watermelons (each less than US\$ 10 million)¹. Of the substantial funding so collected, a considerable share is devoted to research and development. In recent years, nearly US\$ 30 million were budgeted for generic promotion of fruits and vegetables in the United States².

19. Similarly, in Australia since the early 1990s promotional activities have been financed by a levy on producers. The levying powers have been given to state-based organizations to collect funds from participating members.

E. CREDIBLE EVALUATION OF EFFECTIVENESS

20. Strong producer support and the consequent commitment to provide predictable funding are conditional on the existence of a process of regular evaluation of the impacts of generic promotion activities. In the development of any commodity generic promotion programme, attention must be given at the very outset to arrangements for professional cost-effective evaluation to provide funding institutions/companies with confidence in the programme. The parameters for evaluating effectiveness differ depending on whether the programme is industry-financed (net benefits to the producers/processors) or government-financed (benefits not only to producers, but also effects on consumers, other industries, taxpayers etc). Since evaluation is a complex exercise, the system envisaged should be proportionate to the resources involved. Obviously, a simple (and less costly) approach is appropriate when the financial commitment is relatively low. Provision for evaluation should be allocated from the funding provided by participants.

21. An additional argument in favour of establishing relatively simple parameters for measuring the effectiveness of generic promotion activities is that in addition to the difficulty and costliness of the exercise, factors other than promotion often affect sales. Thus, for example, a generic promotion programme may coincide with changes in prices of competing products, or the level of expenditures on promotion may not take account of differences in the quality of activities,

¹ Armbruster, Walter J. and Nichols, John P. "Commodity Promotion Policy".

² *Ibid.* "Commodity Promotion Policy".

or the effects may not be evident in the short run or medium term etc. In the case of large promotion expenditures, there is greater justification and opportunity to undertake more elaborate evaluation exercises which, however, do involve the collection of vast amounts of household data.

F. SCIENTIFICALLY BASED TESTIMONIAL

22. Aside from organizational and policy aspects of implementing a generic promotion programme, there is a need for a body of factual and scientifically based information that supports the beneficial aspects or positive attributes of the product. In the case of agricultural commodities destined to human consumption, either directly or in processed form, this aspect acquires primary importance. A commitment by the industry to upstream research is required in order to ensure that clearly substantiated claims can be made to support generic promotion programmes aimed at influencing consumer behaviour.

G. EFFECTIVE IMPLEMENTATION ARRANGEMENTS

23. Once the difficult decisions are taken regarding the objectives, funding and participation, there is the issue of lesser importance, but nevertheless of significance for the long term success of the programme, regarding the arrangements for developing and implementing communication strategies. Reportedly, most agricultural commodity promotion programmes make use of a small staff that works with an elected board representing industry interests³.

24. This expert/implementing group needs to define how to translate the available resources most effectively into the achievement of the overall goals. This is a dynamic process involving not only review of the results of ongoing activities, but also the recognition of the fact that “wear-out” tends to reduce consumer response to promotional messages over time. Among the vehicles for generic promotion are media advertisement (radio, newspaper, TV, billboards, etc), provision of point-of-sale information regarding nutritional aspects, as well as suggestions regarding preparation or use.

25. The selection of the market to be targeted and the type of programme to be implemented are matters requiring expert knowledge and are best handled by industry/expert groups.

IV. THE IMPACT OF GENERIC PROMOTION ON TEA CONSUMPTION

26. As indicated above, there are many difficulties associated with assessing the impact of generic promotion on consumption. These difficulties include the lack of sufficiently detailed information, unless obtained at a very high cost, and the existence of other factors also impacting on consumption in a dynamic world, including changing market conditions for the product and competing products. It should also be stressed that the impacts of generic promotion include not only potential increases in sales and prices, but also the containment of declining sales or prices. Under the “Programme to create an increased demand for tea through research on the human health benefits of tea consumption and generic promotion”, the rationale for generic promotion of tea was couched solely in terms of increased consumer demand. It was assumed that increased demand would ultimately lead to increased tea prices that would benefit tea growers. Such overall goals may have been unduly ambitious: Even though the global impacts on price or sales volume may be difficult to ascertain, still the image of tea as a product generally beneficial for human health has had a positive impact on market demand, so much so that several other commodity sectors have indicated an interest in emulating the programme.

³ Armbruster, Walter J., “Generic Advertising for the Seafood Industry”.

27. As a simple assessment of developments in consumption, which may or may not be related to the generic promotion of tea based on health messages, the following data are provided regarding *total and per capita tea consumption for the periods immediately preceding and following the conclusion of the Programme in 1999* (Table 1). The data indicate that global consumption of tea was higher in the post programme period, though per capita consumption rose only marginally. The growth in total consumption took place mostly in Asia. In India, although average total consumption rose by more than 30 000 tons, average intake per person stagnated. In China, percapita consumption rose slightly to contribute to the rise in average consumption of nearly 40 000 tons, but in Indonesia the reduction in average total consumption reflected a drop in per capita consumption. In many countries of the Near East, higher percapita intake contributed to market growth. Average total consumption of tea was also greater in Africa in the post-programme period. Percapita consumption levels rose significantly in Morocco, Kenya and Malawi. In most other areas consumption remained stable. However, in Europe where consumption declined significantly in the United Kingdom, and to a lesser extent in Germany and Poland. On the contrary, significant growth took place in the CIS countries, particularly in the Russian Federation. While the data in Table 1 are provided for the pre and post Programme periods, no causal relationship should be inferred between the performance of the market and the existence, or lack thereof, of promotion because of all of the reasons mentioned above, in particular the lack of detailed consumer survey data.

28. Looking beyond the aggregate consumption data, it is of some interest to monitor *developments in markets where conscious efforts have been made to influence consumer behaviour*. The United States and Canada are two markets where extensive use has been made of consumer education regarding the health attributes of tea. In Canada, the Tea Association has provided a steady flow of information to its members and the media concerning the role of tea as part of a healthy life style, stressing the potentially beneficial impacts on heart disease, some forms of cancer and overall fitness. Since 1996, imports of tea into Canada have risen by 60 percent, and consumption has been rising steadily. Import growth was both for black tea (about 70 percent of total imports), and particularly green tea (about 22 percent of imports), and involved both packaged and non packaged tea. In terms of sales, hot tea beverages account for about 56 percent of the total, and iced or ready to drink teas covered 43 percent of sales. Sales of hot tea have increased slightly since 2002, while those of other tea beverages have shown more pronounced growth. Household penetration of hot tea rose from 62 to 64 percent between 2002 and 2003, while that of iced tea rose from 39 to 40 percent during that period. In terms of litres of tea per person, consumption in Canada rose from 61 litres in 1993 to 68 litres in 1999 and 91 litres in 2003. While there is extensive information regarding the media positioning of tea as a healthy beverage, the Tea Mark has not been used because of the cost.

29. The evaluation of *the impact of generic promotion in the testing undertaken under the Programme in selected markets* should also be considered despite the fact that the Supervisory Body concluded at the end of the project that the Project Executing Agency (PEA) had not used the same level of scientific rigor when judging the economics of the promotion tools as in the scientific research on the health aspects of tea consumption. The testing of the communications package and the Tea Mark was conducted in four test countries: Zimbabwe, Spain, Czech Republic and Indonesia. Details of the approach to the testing and results were reported to and reviewed by the Group. The key findings reported by the Project Executing Agency were that even with a relatively limited budget, the strategic approach used in the markets had been effective.

30. In summary the approach involved 1) recruitment of a scientific spokesman who through print, TV and radio programmes would provide scientific support to ongoing public relations programmes, 2) advertising to create awareness of the Tea Mark without needing to quote scientific evidence and 3) adoption of the Tea Mark by local packers.

Table 1 – Consumption of Black Tea (net imports plus domestic consumption)

	Percaput Tea Consumption		Tea Consumption ('000 Mt)	
	1996/1999	2000/2003	1996/1999	2000/2003
WORLD	0.48	0.49	2832	3016
DEVELOPING	0.45	0.46	2044	2175
ASIA	0.56	0.57	1790	1894
NEAR EAST	1.65	1.68	406	449
of which				
Afghanistan	1.56	1.76	32	40
Bahrain	0.82	1.18	1	1
Iran	1.53	1.30	99	88
Iraq	1.43	2.67	31	65
Saudi Arabia	0.48	0.92	10	21
SOUTH ASIA	0.66	0.62	815	853
of which				
Bangladesh	0.30	0.32	39	46
India	0.66	0.65	639	673
Sri Lanka	1.38	1.12	25	21
Pakistan	0.81	0.72	108	106
SOUTH EAST ASIA	0.63	0.62	569	591
of which				
China, Main	0.36	0.38	441	480
Indonesia	0.39	0.33	80	72
AFRICA	0.31	0.32	223	253
of which				
Egypt	1.09	1.01	70	71
Morocco	1.24	1.40	35	42
Kenya	0.42	0.48	12	15
Tanzania	0.07	0.09	2	3
Uganda	0.31	0.25	7	6
Malawi	0.12	0.26	1	3
LATIN AMERICA AND CARIB.	0.06	0.05	29	27
of which				
Brazil	0.02	0.03	3	4
Chile	0.89	0.88	13	14
OCEANIA	0.18	0.14	1	1
DEVELOPED	0.57	0.60	788	841
NORTH AMERICA	0.44	0.46	108	112
of which				
Canada	0.54	0.59	16	18
USA	0.33	0.32	92	93

Table 1 – Consumption of Black Tea (net imports plus domestic consumption)

	Percaput Tea Consumption		Tea Consumption ('000 Mt)	
	1996/1999	2000/2003	1996/1999	2000/2003
EUROPE	0.57	0.60	297	296
of which				
Bel-Lux	0.16	0.21	2	2
Denmark	0.32	0.33	2	2
France	0.25	0.23	11	14
Germany	0.28	0.27	23	22
Ireland	2.89	2.77	11	11
Italy	0.08	0.09	5	5
Netherlands	0.92	1.00	14	16
Norway	0.26	0.24	1	1
Spain	0.03	0.04	1	2
UK	2.49	2.25	146	133
Austria	0.18	0.22	1	2
Finland	0.20	0.23	1	1
Sweden	0.32	0.30	3	3
Switzerland	0.22	0.27	2	2
Czech Rep	0.18	0.21	2	2
Hungary	0.11	0.23	1	2
Poland	0.82	0.73	32	28
CIS	0.71	0.89	202	250
of which				
Azerbaijan	0.89	0.67	7	6
Russian Fed	0.97	1.13	142	163
Kazakhstan	0.88	1.26	14	20
Ukraine	0.25	0.35	13	17
Uzbekistan	0.43	0.93	10	24
OCEANIA	1.01	0.74	21	18
of which				
Australia	0.89	0.77	17	15
New Zealand	1.13	0.70	4	3
OTHER DEVELOPED	0.66	0.70	160	166
of which				
Japan	1.07	1.12	136	142
South Africa	0.52	0.45	22	20

31. Although detailed information is not available regarding the subsequent evaluation of the testing, the following data provided by the PEA are here summarized (Table 2).

Table 2 – Campaign Awareness: Recollection of Strapline and/or Tea Mark

Catalonia	14% of target group
Czech Republic	12% of target group
East Java	57% of mothers and 56% of adults aged 30 to 55
Zimbabwe	46% of mothers and 52% of adults

32. The findings of the PEA regarding shifts in consumer attitudes to tea in the test markets following the campaigns are summarized below (Table 3). The results for E. Java and Zimbabwe were affected by economic disruptions during the period and thus could not be attributed to any extent to the promotional activities.

Table 3 – Shifts in Consumer Attitudes to Tea in Test Markets (% interviewed)

	Catalonia (mothers)		Czech R. (mothers)	
	Pre	Post	Pre	Post
Pure and natural drink	4	11	22	29
Drunk by people with healthy life style	2	9	13	16
Contains anti-oxidants	3	7	7	10
Up to date and modern	8	10	8	6
Suitable whole family	0	4	52	51

33. However, despite the encouraging results, the PEA reported that there was no evidence of an increase in tea consumption as a result of the campaign in the Czech Republic, while in Catalonia there was an improved attitude towards tea, but consumption probably did not increase as a result of the campaign. No data are available to ascertain whether the campaigns led to any strengthening of the market in the longer term.

V. A STRATEGY FOR MAINTAINING AND IMPROVING TEA CONSUMPTION LEVELS

34. Despite the difficulties that exist in evaluating the impacts of generic promotion (the impacts of brand promotion are much easier to identify), it is also true that producers of many agricultural products look to generic promotion as being one of several actions that can be taken by them in defense of their markets. Strategic approaches to strengthening demand and improving prices include promotion along with other important measures such as quality improvement, analysis of market opportunities, targeting of sales, and mobilization of government support to improve market conditions, including the reduction of tariff and non-tariff barriers in international markets.

35. For tea, the approaches of greatest relevance for maintaining and improving consumption levels are:

- Analytical understanding of market opportunities, including those within the producing countries themselves, and those in both traditional and new markets;
- Regularity of supply of quality products meeting market requirements;
- Targeted sales strategies to open new markets; and
- Promotion to strengthen the position of tea in both traditional and new markets.
- Removal of tariff and non-tariff barriers, in particular in some CIS and developing importing countries.

36. In discussing promotion, the issue at stake here, it is important to recall that promotion by itself will have little chance of success. It must be one of several concerted actions in a coordinated strategy. Promotion will have a chance of success if it is targeted to markets that have been analyzed and if it is backed up by the regular supply of a product meeting that market's requirements in terms of both quality and price. Assuming that these "other" conditions can be met (since the tea industry has long traditions of satisfying consumer needs), what scope is there to undertake generic promotion for tea making use of the work so far undertaken under the auspices of the Group through the "Programme to create an increased demand for tea through research on the human health benefits of tea consumption and generic promotion"?

37. First of all it is important to realize that the tea industry world-wide has at its disposal *a valuable and unique body of knowledge concerning the health aspects of tea consumption*. By the time the US\$ 4.6 million Programme had concluded, there was an increased body of scientific evidence that black tea, similar to green tea, was an important contributor to a healthy lifestyle, and specifically that it could have a significant role in reducing the risks of cardiovascular disease, stroke and certain types of cancer. Other health benefits were well established in particular in oral health and in meeting essential fluid intake requirements.

38. In addition, *another valuable tool, the Tea Mark*, was placed at the disposal of the global tea industry as a result of the Programme. Developed at considerable expense, the Tea Mark is the physical expression of the strategy to enhance demand for tea based on evidence of its health benefits. As a result of the actions pursued by the Group under the Programme, the Tea Mark is currently registered in _____ countries, accounting for over _____ percent of global tea consumption (Annex Table 1). Since the last session of the Group, the registration process has been completed in five additional countries where it was previously pending. Moreover, most of the registrations currently in place will not be subject to renewal until 2008 or later. During 2005, the only registrations due to expire are in Malawi, New Zealand, Tanganyika and Uganda. Should the Group wish to renew registrations in any or all of the above countries, resources for this would need to be found. It is currently estimated that the cost of individual renewals would be about Euro 500.

39. Despite the excellent progress in registering the Tea Mark in global tea markets, there appears to have been little use made of this specific tool. Obviously, use of the Tea Mark on its own cannot achieve the objective of strengthening demand: It is essential that the link be made, and maintained, in the minds of consumers between the symbol and the body of information that it represents, namely the vast amount of scientifically sound research regarding the beneficial aspects of tea consumption. Once the link is made, the symbol, even on its own, can generate positive reactions to the commodity.

40. What steps might be taken to make use of this valuable capital? From the review of the determinants of effective generic promotion programmes above, it is clear that the conditions for international generic promotion of tea in the traditional sense do not exist, or exist only in part. Despite the broad commitment of all exporting countries to expanding consumption of tea, the perception of shared interests is dissipated when account is taken of international commercial relations, differing weight in the market of exporting countries, and differentiation among suppliers and brands. Thus, international generic promotion for tea would need to take account of this reality both in designing an appropriate programme as well as in devising effective implementation arrangements. It would also require solutions to the problems of predictable funding and credible evaluation. Taking account of these factors, one possible approach could be as follows:

A. NATIONAL IN-COUNTRY GENERIC PROMOTION

41. Tea industries would be allowed to make use free of charge of the communications package and the Tea Mark for in-country promotion activities. Each member country of the Group would formally inform the Secretary regarding the national institution that would be responsible for liaising with the domestic industry and providing it with information (generated under the auspices of the Group – see below) regarding developments in research concerning tea and health and possible advantageous ways of using the related communications package and the Tea Mark. On the basis of a recognition agreement with FAO, the national institution would also be responsible for ensuring the proper domestic use of the Tea Mark, in conformity with national regulations governing the quality of consumer products. As originally envisaged under the Programme, the Tea Mark and its health related messages could be used both for generic promotion as well as to reinforce brand promotion activities.

B. NATIONAL PROGRAMMES IN EXPORT MARKETS

42. Tea industries would be allowed to use free of charge the communications package and the Tea Mark for promotion activities in export markets. This could include the association of the Tea Mark with brand names on tea packages. Obviously, the tendency to also use national symbols in packaging suggests that care is needed to ensure that the meaning of brand marks, national symbols, and the Tea Mark is not blurred in the minds of consumers. The national institution should have responsibility for overseeing the proper use of the Tea Mark on products meeting national quality standards in importing markets and also the authority to require its withdrawal from products not eligible to be so designated. In order to monitor the use of the Tea Mark, the national institutions should be requested to report periodically to the Secretary of the Group on the use made of the symbol.

C. INTERNATIONAL GENERIC PROMOTION PROGRAMMES

43. Due account having been taken of the difficulties in arriving at an international programme for tea, this area can be approached at two levels a) inter-country, inter-industry cooperation and b) international cooperation under the auspices of the Intergovernmental Group on Tea.

Inter-country cooperation

44. Groups of countries or of industries from various countries could make use of the communications package and the Tea Mark to organize events highlighting the contribution of tea to a healthy life style. Such events could include tea industry conferences and special symposia. They could also include side-events organized in conjunction with regular sessions of the Intergovernmental Group. Obviously the information package made available regarding the benefits of tea in a healthy lifestyle *should not be used to benefit a particular brand* of tea. In planning such events, representatives of countries or industries could consider inviting the participation of authoritative health and nutritional experts as well as representatives (Chairman, Vice Chairman or Secretary) of the Intergovernmental Group on Tea. Similarly, groups of countries could jointly sponsor media presentations or the preparation of articles etc reinforcing the image of tea as a beneficial beverage. Cooperation of this nature already takes place, but has been confined mainly to dissemination of the health message, not necessarily identified with the Tea Mark. Concerted efforts to make the Tea Mark synonymous with a healthy lifestyle in the minds of consumers could have important long term impacts for marketing.

The Intergovernmental Group on Tea

45. At the international level, the IGG is the highest intergovernmental authority for tea in the world. As a *reliable and unbiased source of information* for the commodity, the Group could have an important role in further work that would also reinforce promotional activities at the national level. In particular, the Group could:

- Encourage the continuation of relevant research attesting to the health impacts of tea consumption, monitor progress in the verification of the results, and disseminate the information to its Members and to designated national institutions for eventual use by tea industries domestically and in export markets. The dissemination of such information by an Intergovernmental Body obviously lends additional prestige and weight to such messages. However, to ensure the objectivity and scientific reliability of research results, the same procedures for evaluation as adopted under the Programme would need to be in place. Ongoing research being undertaken by scientific institutions would need to be reported to the Secretariat, including the sources of funding for the sake of transparency. A scientific advisor to assist the Secretariat in reviewing progress of research, the implications for human health, and preparing analytical reports, would need to be appointed by the Intergovernmental Group and funded by contributions from Members. The scientific advisor would be required for a period of about 3 months per year.

Initially, a two year arrangement should be envisaged so as to undertake the necessary work in preparation for the next session of the Group. The cost per year would be US\$ 24 000 plus US\$ 5 000 for travel. Should a special event be planned in conjunction with a regular session of the Intergovernmental Group, the costs including those of the additional time of the scientific advisor would need to be covered by Members of the Group. However, such events would benefit from synergies with other work for the Group.⁴

- *Assist in developing communications packages and events* for member countries, drawing on the results of health and tea research. Such country-specific events would focus on the health-related messages regarding tea and the reliability of internationally monitored standards applied for the use of the Tea Mark. The implementation of such events would be dependent on securing extra-budgetary funding, but would benefit from synergies with similar in-House activities⁵ Special consideration should be given in such programmes to assisting developing country exporters where tea constitutes an important source of livelihood for farmers.

VI. CONCLUSIONS

46. The above approach to generic promotion for tea implies that while the Tea Mark could be used freely by authorized producers, it would continue to be registered and protected. Since most of the registrations have already been funded, and only a few renewals are scheduled in the next few years, most of the legal costs have been covered (See Annex Table 1). Therefore, the Tea Mark could continue to be held by FAO on behalf of the Intergovernmental Group and the Common Fund for Commodities. In the absence of budgetary provision, no action can be undertaken by FAO to challenge any improper use of the Tea Mark. This will be the responsibility of the designated national institutions in relation to suppliers within their boundaries, and in conformity with their national legislation protecting the use of intellectual property. Prior to the general expiry of the registrations in about three years, the Group could reexamine the use made of the Mark in the intervening period and then decide whether it would wish to renew the registrations and provide the necessary resources for doing so. In the interim, country and industry representatives should make use of all possible occasions, including the forthcoming session of the Group, to explore possible joint actions to undertake generic promotion of tea along the lines outlined above, including use of the Tea Mark.

47. As regards the criteria for use of the Tea Mark, it is suggested that the broadest use be allowed as long as the tea products to which it is applied are produced in conformity with the health and sanitary regulations of the consuming country. Only the expansion of consumption of tea in all of its many forms, black, green, soluble, tea bags, specialty etc, will lend underlying strength to the market and eventually benefit producers⁶. Clearly, quality assurance is of the utmost importance, and ever more so among the health conscious consumers of the future. While national legislation normally establishes the sanitary parameters for food products, commercial success is a reflection of consumer satisfaction.

⁴ Initial estimates of costs for follow-up activities submitted to the 13th Session of the Group were based on registration fees to cover administrative expenses of an executing agency in drawing up licensing agreements, monitoring use of the Tea Mark and providing guidance on evaluation, as well as on license fees based on export volumes to support generic marketing in licensed territories. The scheme here proposed does away with most of these requirements, and substitutes industry-led generic promotion activities for those that would have been undertaken by an external executing agency. It also now provides for support to generic promotion activities on a needs and non-binding funding basis.

⁵ See footnote 4.

⁶ The "Programme to create an increased demand for tea through research on the human health benefits of tea consumption and generic promotion" was developed for black tea, drawing on the favourable research results obtained for green tea. In recent years, trade in green tea has expanded significantly as can be seen from the estimates provided in Annex Table 2.