

## BRANDS ON THE VERGE

# Tea Brand's Blend Includes Just a Pinch of Starbucks

By BECKY EBENKAMP

While the energy-drink trend seems to be without end, America has also developed a yen for Zen. There's a tea party perking today, but Paddington Bear, Laura Ashley prints and 'Lipton'—the packaged tea brand or, James, the pretentious host of *Evening at the Actors Studio*—are not invited.

"The best way to describe us is we're a little bit of Starbucks and a lot of William Sonoma," said Andrew T. Mack, CEO of Teavana, which sells to-go and packaged teas along with high-end paraphernalia, such as stainless steel kettles, at warm and inviting mall-based stores. "We didn't want to be the snobby, laced-doily tearoom or the foreboding tea shop in the back alley. We wanted to represent all the cultures in the world—Russia, Germany, China, England, Japan the Middle East . . ."

Globe-trotting was the inspiration for the first Teavana, which Mack and his wife opened in Atlanta in 1997. Through their exotic trips, they saw how integral tea is to people's daily lives in cultures outside of the U.S. Here, of course, we have a rep for sipping swill.

"The more we researched it, we realized that America was drinking bad tea: stale, dry, powdered, dust grade," Mack said. "Certainly, the country was gravitating toward better coffee, better wine, artesian bread and things of that nature. So we took the plunge and opened our first store."

A decade later, Teavana has 70 shops in 30 states. The store base is increasing 30-40% each year, and so far, the brand has engaged in no real marketing—unless store sampling and educating one's sales staff on the ABCs of tea counts. While Starbucks deals with sluggish same-store sales in a U.S. market that is oversaturated with java joints, the tea trend has yet to peak. Coffee consumption fell 2.2% last year, but Teavana's "specialty tea" category grew 10% in 2007, per the Tea Assn. of the U.S. in New York.

"The tea industry is at the stage Starbucks was 10 years ago," said specialty tea expert/consultant Lisa Boalt Richardson ([www.lisa-knowstea.com](http://www.lisa-knowstea.com)), who sees baby boomers as the sweet spot. Ironically, the segment is turning to a drink once associated with the old biddy to stay young. "It's got a lot

less caffeine than coffee, it's been proven to be good for all aspects of cardiovascular health, cancer research has been done on it—the anti-oxidants, the polyphenols—it's really proving to be quite a healthy drink," Richardson said. Ready-to-drink iced tea is benefitting the most.

Specialty tea, which is what Teavana sells, is the antithesis of the traditional tea brand bought at a supermarket. It is said to be fresher (tea loses its flavor over time), made from bigger leaves (the larger the leaf, the higher the price) and without all the baggage—literally: Tea bags are a no-no because they generally contain the low-grade "shakes" that slip through the colander's cracks. Naturally, the rise of specialty tea is influencing what's sold on store shelves. In fact, Teavana has a few SKUs on these aisles today.

As more exotic gourmet options—such as tea lattes, chai tea and bubble tea—have emerged, so has a younger, hipster tea set. Richardson recalled a recent trip to a New York teahouse where she "felt like the oldest person in the room."

She said young hipsters are the current target since female boomers have apparent-



**Oolong time:** Chi-chi packaging and exotic elements act like catnip to well-heeled boomers.

**BRAND:** Teavana

**HEADQUARTERS:** Atlanta

**PRODUCT:** Specialty tea and accessories

**LAUNCH DATE:** 1997

**TARGET DEMO:** Boomers are the sweet spot, but hipsters are taking to tea, too

**COMPETITION:** Indie tearooms and small tea chains.

In a broader sense, any carbonated beverage  
**DISTRIBUTION:** About 70 stores (mostly mall-based) in 30 states

**SALES:** Undisclosed, although "most stores exceed the malls' average sales per square foot." The store base has grown 30-40% each year

**CLAIMS:** "Opening the doors to health, wisdom and happiness"

**NEW PRODUCT:** Launches 15 to 20 new teas each year. New ones include Dao Ren (a Green tea) and Babylon (a white tea containing pomegranate)

**SECRET WEAPON:** "Monkey-picked oolong tea" (Actually, we just like the sound of that)

ly gotten the message and "men are becoming more savvy about tea as well."

Teavana's customers are older than that on average, but the brand is benefitting from the aging down of the tea-drinking demo.

"A lot of our stores are in malls, so a lot of our shoppers are females who are between 30 and 55, but beyond that, tea has reached all walks of life," said Mack, who starts his day with an oolong and gets an afternoon pick-me-up from a stimulating cup of Mate Vana. "We cross everything from the 18-year-old student who's staying up to study for exams to the older guest who drinks tea to relax at night."

[bebenkamp@brandweek.com](mailto:bebenkamp@brandweek.com)

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**Pot party:** Teavana decor plays up tea's Asian ancestry.