



TV 18



# LIME

SEASON 6

**CASE STUDY**  
WILD CARD • LIPTON ICE TEA

# LIPTON ICE TEA CASE STUDY

## Background:

July 1, 2014: Harish, category head for tea, leaned back in his chair looking at the final sales figures for the first half of the year. While the tea business had done well overall, he was particularly pleased with the performance of Lipton Ice tea. One of his bets for 2014 had paid off. Coming from nowhere in 2013, Lipton ice tea powders had nearly doubled market share from 14% to 27%. While this was reason to celebrate he knew the challenge that lay ahead: how can he beat this next year? What does he need to do to consistently build the ice tea market in India?

## The Glass Half Full:

- The Indian soft drinks market (bottled beverages, concentrates and RTDs) is estimated to be ~Rs.28000 cr annually. This is dominated by carbonated soft drinks (~Rs.18800 cr) followed by juices (~Rs.7800 cr)
- The concentrates market is nearly Rs.650cr but comprises mainly of ready-to-mix fruit beverages like Rasna &Tang. In contrast, ice tea is a relatively small market at ~Rs.130 cr – RTDs (ready to drink) at Rs.100 cr and powders at ~Rs.30 cr.
- The relatively small size of the ice tea market is explained by the low per capita consumption of ice tea in India in comparison to CSDs. And significantly lower than countries such as China, Australia and the US.

Litres/year	Annual per capita consumption			
	India	China	Australia	USA
CSDs	3.1	8.8	93.1	159.8
Concentrates	0.02	-	5.3	-
RTD tea	-	11.6	2.5	14.9

Source: Euromonitor

- Although small, the ice tea powder market is growing at nearly 30% every year. Close to two thirds of the market is concentrated in the top 23 10L+ towns with Delhi+NCR, Kolkata, Mumbai, Bangalore & Chennai leading the pack.
- Within ice tea powders, Nestea (from Nestle) was the market leader in 2013 with 84% value market share. Lipton Ice tea was at no.2 with 14% share.
- With growing health consciousness, appetite for more natural foods & beverages, the negative PR around CSDs and obesity, and increasing willingness to experiment with new tastes Harish believes that the ice tea category in India is poised to take off.

## The People We Serve:



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- The people we serve are young adults transitioning into adulthood -18-25 year olds, who believe that life is best lived with open minds to embrace possibilities, everyday. They'd rather collect memorable new experiences than collect new things. They embrace 'adventure', knowing that it's their choice to take it on with a positive attitude and seize opportunities.
- **Want to be seen as:** Vibrant, fun loving, spontaneous, outgoing, spirited, and purposeful
- **Want to Feel:** Bright, liberated, carefree, passionate, enthusiastic, revitalised, cool, trendy
- **Attitude towards Health:** Health is a means to enjoy life, and having enough energy to do everything they want to. Enjoyment comes first, and they will not compromise taste for health.
- They like soft drinks but are on the lookout for alternatives that are refreshing yet less unhealthy.
- Most of them are aware of ice tea but very few have tried it. Their first ice tea experience is usually at a café, lounge or restaurant (typically with Italian food). Those who have not tried ice tea are not sure how it will taste and hence have stayed away from it.
- Users of ice tea tend to be affluent young adults. They typically consume ice tea out of home, as a tasty & refreshing drink. They prefer ice tea to soft drinks as it is light & refreshing and is great with/after meals.

## About Lipton Ice Tea:

- Lipton is the world's no.1 brand of tea that has been around for over 120 years.
- Lipton has multiple offerings in India ranging from black tea to green tea to ice tea.
- Lipton Ice Tea (LIT) is available in India in both powder (ready to mix) and ready to drink (bottle) formats.
- The marketing mix for LIT powders is given below:
  - ~ Proposition: LIT is cold beverage that is naturally tasty and naturally refreshing. This was brought alive with a TVC (link below) and some print communication in 2014.  
<https://www.youtube.com/watch?v=iysBYp8n5Z4>
  - ~ Product: It is available in two flavours - Black tea with lemon and green tea with lemon & mint. Both are premixes with added sugar – all you have to do is dissolve 17g of the powder in a glass of cold water.
  - ~ Pack: LIT is available in two pack sizes - 500g and 50g. The 500g pack is the lead SKU, while the 50g is meant for generating trial
  - ~ Price: The 500g pack is priced at Rs.125, while the 50g is priced at Rs.15.
  - ~ Place: LIT is available in both modern trade and top general trade outlets.
  - ~ Promotion: Given the limited budgets (since the category is small) in 2014, a combination of TV + print communication (TVC was run on both national and regional channels) and consumer promotion (free sipper with every 500g pack, wet sampling at key MT outlets in the country) were used to drive awareness & trials.
- Unlike LIT, Nestea has focused its efforts on a different TG - mothers of young children who currently consume fruit based concentrates like Rasna & Tang. They have attempted to position Nestea as the 'cooler' alternative (see TVC: <https://www.youtube.com/watch?v=G-fwJ5aa-4E>).

## The Possibility Waiting to be Embraced:

The opportunity for Lipton is to develop the ice tea market in India. The key questions in Harish's mind to address this opportunity are:

1. How can Lipton drive the consumption of ice tea among its target audience with its current proposition (Naturally tasty, Naturally refreshing)? Can it be done with the current proposition or does it require a different one?
2. Given the limited budgets, how can Lipton leverage new emerging media such as digital & mobile and other novel touch points to reach his audience effectively and efficiently?

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## The Journey:

- Consumer/shopper/retailer interactions to identify a powerful insight to drive market development and to identify relevant touch points to communicate to the target audience.
- Study secondary data of new & emerging media channels to come up with 1 or 2 ideas to leverage them and deliver cost efficient reach.

## The Destination:

- A marketing program including a recommendation for a communication channel mix for Lipton Ice tea to develop the ice tea market.

## Mentor:

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