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Hindú: REVITALIZING A COLOMBIAN TEA Brand

Juanita Cajiao and Diana Leal wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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In December 2019, Andrés Velasco, the chief executive officer (CEO) of Agrícola Himalaya SA (Agrícola Himalaya)—a family business in Cali, Colombia, dedicated to cultivating and producing tea—addressed his marketing team: as part of its growth strategy, the company aimed to double its sales by the year 2030. “It is about time that we extend the healthy credentials associated with the Hindú brand to the other categories that share these qualities, whether they are cookies or cereals. Why shouldn’t we?” asked sales director Álvaro Ramírez. Marketing Director María Isabel Molano continued this thought: “We may be a small company compared to Unilever or Nutresa,[[1]](#footnote-1) but in the consumer’s mind, we are big, and that is worth a lot.” Listening to his team members, Velasco considered the company’s growth target. While it would be a challenge, he believed that the target was achievable, since the company had sustained double-digit revenue growth over the past 10 years (see Exhibit 1). The team evaluated various options for presenting Hindú’s growth strategy to the board of directors; however, in a country where the consumption of coffee, rather than tea, was part of the cultural tradition, there were many concerns to address and questions to answer. Which channels should the company target for growth? Should it continue to grow in the same category? Should it extend the brand to other categories or expand the demographic mix of its customer base?

Any strategic alternative that was chosen would have to comply with the three pillars of sustainability established by Agrícola Himalaya’s board of directors: value interaction, social responsibility, and environmental leadership.

The History of Agrícola Himalaya

Colombia was agriculturally predisposed toward coffee cultivation. In 1946, the pioneer Joaquín Llano, the owner of the Agrícola Himalaya farm in Bitaco County, planted the country’s first tea crop using seeds from Ceylon, thus establishing the only tea plantation in Colombia’s Andean mountains, also known as the Cordillera Occidental or Western Mountain Range. This region was ideal for the year-round cultivation of tea, which required an altitude of 1,700–2,050 metres (m), a humid and temperate climate, and sufficient hours of sunlight. In 1954, with his son Alberto, Llano began the artisanal production of black tea from loose leaves, in a processing plant situated close to the crop. In 1960, the pair created the Hindú brand and retained the services of wholesaler John Restrepo y Cía SA (John Restrepo y Cía) to distribute their products nationally. For almost 30 years, black tea was the only product in the company’s portfolio. However, in 1994, the Llanos expanded their product offering to include a line of herbal teas, and in 1998, they launched a line of flavoured teas. The next generation of the Llanos family continued leading the tea business, and in 2005, the company entered the soluble drinks category with an iced tea product line.

Agrícola Himalaya’s plantation was situated on 213 hectares (ha) of land, 60 ha of which was used to grow tea. The remainder consisted of a mist forest—an ecosystem typical of tropical mountains—which the family protected with great care since the surrounding land had been previously deforested. Many of the tea plants on the plantation had been continuously cultivated for almost 70 years.

In 2005, the family ceded control of the business and hired Velasco, who had previously worked for a local consumer goods company, to function as CEO. “When I arrived at Agrícola Himalaya, I found a company with a predominantly agricultural vocation: the focus of the business was on the tea plantation. I could quickly see that the value was in the brand. Hindú was a strong brand with a long tradition and solid participation in the tea business.”

The Colombian Tea Market

Colombia had traditionally been a coffee producer. Coffee was at the top of the country’s most-consumed hot drink category, and tea was at the bottom. Despite this fact, in 2019, tea consumption had a higher annual growth rate than coffee (see Exhibit 2). Specifically, fruit tea had a 20.1 per cent compound annual growth rate (CAGR), contributing to this category’s dynamic nature. The trend toward natural nutrition sources and the search for well-being significantly increased the consumption of black tea, herbal teas, and fruit teas in Colombia.[[2]](#footnote-2)

In 2018, the Food and Agriculture Organization (FAO) of the United Nations expected the global tea market to grow by an average annual rate of 5 per cent and was projected to reach US$21,330 million by 2024. Emerging economies contributed the most to this growth.[[3]](#footnote-3) Tea consumption in Colombia reached only 0.018 kilograms (kg) per capita per year, continuing to be low compared to that of traditional tea-consuming countries such as the United Kingdom (1.94 kg/year), Russia (1.38 kg/year), and Japan (0.97 kg/year).[[4]](#footnote-4)

According to a Nielsen study contracted by the company, Hindú had consolidated its leadership in the tea category with a 45.8 per cent market share as of the end of 2019; the remainder of the market was divided among different players, none of whom achieved participation greater than 11 per cent (see Exhibit 3).

The consumption of herbal teas was a long-standing tradition for Colombians, who attributed medicinal properties to them. They prepared these simply—by obtaining the herbs or leaves and adding hot water. In the 1990s, offering consumers ready-to-drink (RTD) herbal teas in bags was an original concept since such packaging made the teas easier to consume both inside and outside of the home. In the herbal tea category, in 2019, Hindú consolidated a 40.3 per cent market share; the next-closest competitor achieved only a 17.4 per cent share (see Exhibit 4).

The Hindú Brand: 60 Years of History

Black tea remained Hindú’s best-selling product until the mid-2000s. From the outset, it was clear to Velasco that sustaining the company’s growth based on the sale of commodities—e.g., black tea and herbal teas—would be difficult because the market was already mature, with an annual growth rate of only 4 per cent. This prompted a strategy focused on launching new product lines and strengthening those already in existence (see Exhibit 5). At the turn of the millennium, health-conscious Colombian consumers exhibited a preference for natural drinks.[[5]](#footnote-5) At the time, this demand was fulfilled by green tea, a product that enjoyed considerable free press regarding its health benefits. At the time, the supply of green tea was limited to a few imported products. Agricola Himalaya was the leading tea brand in Colombia but did not offer green tea because it lacked the proper equipment to produce it.[[6]](#footnote-6) The company therefore decided to import green tea. “It was not an easy decision, persuading the board of directors to import tea when we had a plantation and a tea factory,” Velasco recalled. In fact, the company imported green tea for two years while conditioning its production plant for domestic processing. During that period, it became the green tea segment leader in Colombia.

Ten per cent of the Hindú brand’s total portfolio was made up of products in the RTD tea category, which tended to be stable but showed little sign of future growth. Hindú differentiated itself from competitors by using less common flavourings such as apple, lemon, and peach, and by integrating local fruits like passion fruit, wild fruits, lychees, and mangosteen. However, these RTD products contained sugar, which contradicted their healthy product image.

In 2007, Hindú launched its Red Fruits tea, a mix of dehydrated fruits (i.e., strawberry, blackberry, and raspberry) that featured zero calories, no caffeine, and stevia leaves for sweetener. Hindú Red Fruits tea became a market success, and at the end of 2019, fruit teas accounted for 27 per cent of the company’s sales, almost the same percentage as black tea. Molano, a six-year veteran of the company with previous experience marketing local and multinational consumer goods, affirmed: “Red Fruits is the most sold fruit tea in Colombia.” Agrícola Himalaya did not grow the fruits used in the tea but bought them from local suppliers it had established alliances with in order to achieve Agrícola Himalaya’s quality standards. Red Fruits tea was an easy product to imitate: it neither required major capital investment nor presented technological barriers. In fact, in 2017, Tosh, one of Nutresa’s leading brands, launched a similar line of hot and cold dehydrated fruit teas, but that line was unsuccessful and was withdrawn from the market after only two years.

Hindú decided to associate its herbal tea blends line with functional benefits that emphasized the traditional properties of herbal teas. For example, At Night, a mixture of citron, passion fruit, lemon balm, chamomile, and mint, might improve sleep, and eucalyptus and honey might impart breathing benefits. The company’s herbal tea line relied on deep-rooted Colombian consumer beliefs that medicinal plants and herbs such as chamomile, anise, cinnamon, and lemongrass could help heal digestive and other health-related problems.

Exploiting the geographical advantages of the Agrícola Himalaya tea plantation—namely, altitude, humidity, and luminosity—in 2013, the company ventured into the premium specialty teas segment with a specially mixed high-altitude, organic, loose-leaf tea offered in green, white, and black varieties. To market these new products, Agrícola Himalaya launched the Bitaco brand in 2016. A large percentage of Bitaco products was exported to the United States and Europe, both in bulk and in individual teabags. In Colombia, Agrícola Himalaya marketed Bitaco in boxes of individual teabags sold in supermarkets and through its online distribution channel, Instante Shop. In 2018, Hindú launched a line of aperitifs and non-alcoholic beverages—such as Summer Tea, a mixture of teas, fruits, and spices like ginger and orange—that elicited an enthusiastic consumer response.

Distribution

From Agrícola Himalaya’s inception, Alberto Llano had outsourced distribution to the national wholesaler John Restrepo y Cía, and the company maintained this as its long-term distribution strategy. While Hindú reached both chain and neighbourhood supermarkets, other potentially important channels were overlooked with this distribution strategy (see Exhibit 6) since the distributor defined the sales budget, promotions, and product lines offered to supermarkets.

In 2010, when Ramírez arrived as Hindú’s sales manager, the company began creating a formal strategy for retail, from product display to pricing policies. Ramírez had previously worked for Unilever, and he acknowledged that his “contribution to the company has been to provide a method, to work in a more orderly manner, focusing efforts and using information from the selling point for decision-making.” That year, the company contracted with the global marketing firm the Nielsen Company for market research and used the information obtained directly from trade points to address trade and distribution issues.

An important distribution channel in Colombia was small local stores (SLS). Given their informal operating conditions, establishing the total number of SLSs was difficult, but as of 2019, estimates were for almost 300,000[[7]](#footnote-7) SLSs throughout Colombia. Although this channel could represent approximately 50 per cent of the sales of most consumer goods, SLS represented only 5 per cent of sales for Hindú at the end of 2019 because SLS was a secondary channel for distributor John Restrepo y Cía. The tea category in the Colombian market had a great potential for growth via Hindú’s brand positioning in SLSs. However, this potential presented a great challenge. SLSs were generally family-run commercial establishments in premises of 10–50 square metres (m2), or 15 m2 on average, and they offered a variety of products such that suppliers competed heavily for their limited exhibition space. Conversely, high product turnover and margins were the most attractive variables for SLS grocers.

When consumers shopped at SLSs, they did not ask for particular brands, only for the commodity itself, saying, for example, “I am looking for an herbal tea”—a tea or tea bag. The grocer then took the bag out of a box, which was most likely hidden from public view, and handed the shopper a bag, which was sometimes wrapped in a napkin. According to the company’s market intelligence, chamomile was the most sold herbal tea in SLSs. Therefore, Hindú created a brand strategy starting in 2019 in Bogotá, where 50 per cent of the market was focused on this channel. To emphasize the brand and ensure in-store exposure, Hindú changed its tea packaging to individual bags in envelopes and displayed these on strings so that grocers could make them more visible to consumers. Velasco explained: “This strategy increases costs. It is going to reduce our margin significantly, but we guarantee the grocer a better-presented product that is more attractive to the consumer. It conserves the margin for the grocer and positions the Hindú brand in this distribution channel,” which he emphasized represented 20 per cent of the market.

In convenience stores—which were smaller than chain supermarkets but larger than SLSs—space limitations precluded offering the company’s entire portfolio, so Hindú launched boxes with one unit of each of the 10 products that should always be available. “In this way, as we get closer to the consumer, we make it easier for them to know what we offer,” observed Molano.

In Colombia, one of the fastest-growing distribution channels was hard discount stores. In 2019, eight out of 10 households[[8]](#footnote-8) made purchases in this type of store, which usually operated under the private brand model. “This channel has had very important growth, since private brands represent 10 per cent of the tea market,” said Ramírez. The institutional channel—through which tea was consumed outside of the home—also offered significant growth possibilities. Lipton was the market leader in hotels; in offices, consumers sought lower prices, and in restaurants, Hindú had little presence. Molano admitted this was “a channel to develop, where we are not strong.”

Velasco had founded a company with few exports to other markets; hence, he included exports as a strategic objective for 2007. At that time, the most attractive market, due to its geographic proximity and its population’s purchasing power, was neighbouring Venezuela. The first order the company received from Venezuela was from a distributor who needed a container of tea shipped within one month. “When I informed the team that I had promised to ship a container within that time, they were surprised and stressed,” recalled Velasco. “We had issues with our packaging suppliers, as the times were almost impossible,” said María Isabel Rodríguez, the administrative director. Velasco insisted that Hindú’s commitment to the distributor was firm, so the team contacted their suppliers to adjust the delivery times. “Basically, we told them that the company wanted to grow. It wanted to expand its markets; therefore, we needed them to grow with us as well. They agreed, and we were able to comply with the first export to Venezuela,” said Rodríguez. By the end of 2019, the brand was exporting tea to all of the countries in the Americas except for Chile and Mexico. However, exports to Mexico were already scheduled for 2020.

The company sought a local distributor with an international export marketing strategy featuring brand management. “In Colombia, we were the market leaders; in other countries, they didn’t know us,” Ramírez recalled. Exports at the end of 2019 comprised 23 per cent of Hindú’s sales and had an annual growth rate of 21 per cent, which was higher than the national annual growth rate (see Exhibit 7). The Colombian peso had shown a strong depreciation over the last 10 years, which benefited Hindú’s exports making them less expensive to foreign purchasers (see Exhibit 8). The company projected that exports would represent 30 per cent of its total sales by 2030.

The brand started selling through an online channel in mid-2019 with Instante Shop. Molano stated that the company’s strategic objective for Instante Shop was “to capitalize on the digital community that we have been building on social networks. We seek to convert to sales the interactions the community currently has with our brands.”

Meanwhile, John Restrepo y Cía began to encounter difficulty; it reduced the number of distribution channels it offered and then closed at the end of 2019. This closure ended an exclusive 60-year commercial relationship with Agrícola Himalaya, which immediately received several proposals from other companies interested in managing Hindú distribution. “We didn’t have to go out to look for distributors. Instead we could choose from many companies which offered us the best conditions. This was, for us, a clear indicator that the brand was powerful—that it already had an important position in the market,” concluded Ramírez. The company adjusted its distribution model since it was no longer limited by a single-distributor strategy and started collaborating with Altipal, a nationwide wholesaler that had experience with the SLS distribution channel, and other smaller, local distributors in larger markets. For the institutional channel, it contracted national distributor La Receta. The company also assembled a team of 11 national supervisors, who were charged with managing the distribution budget. “This mixed model guarantees us more independence, better results for the company, and it also ensures that efforts do not go too far,” observed Ramírez.

Reinventing the Brand’s Identity

Crafting a Positioning Statement

During its first 20 years, Hindú had no brand communications or advertising. Because its strategic focus was on sales, the brand was promoted at the trade point with little input from consumers. Starting in 2010, Hindú’s communications strategy evolved (see Exhibit 9), and a new strategy aimed at promoting product innovations was launched.

*Vive lo Natural*: Live Naturally

Hindú was a strong traditional brand associated with black tea, the only product it had offered until 1990, when it introduced herbal teas to the Colombian market; at that point, the brand became associated with only these two products. The subject of communication became more relevant as the brand’s portfolio expanded to include, for example, flavoured teas, RTD iced tea, green tea, and red fruits tea. In 2013, after obtaining approval for an annual marketing budget of 20 per cent of sales, Velasco and his team commenced an image makeover, standardizing packaging design to visually unify and strengthen the brand. “The original logo had the image of a Hindu man with a turban, a serious expression, and his arms crossed. . . . We exchanged him for a man in Zen . . . meditation: more open, more friendly,” said Molano (see Exhibit 10). Hindú invested in mass media communications to inform consumers about its new product portfolio since, as Velasco recalled, “People did not know everything we were doing.” The new messaging—“*Vive lo natural*”—sought to communicate the healthy aspects of the category and its contribution to people’s well-being.

While the *Vive lo natural* messaging had a strategic payoff, Hindú felt that it neglected younger people, who were perhaps even more sensitive than other groups to issues such as healthy eating, the pursuit of well-being, and self-care. The company understood that it should redefine its target consumer in order to ensure brand permanence over time and concluded that the brand should change its positioning. “If we had continued to focus on moms and grandmothers, we would be left without consumers,” Molano observed.

*Vive el Momento*: Live in the Moment

The brand was meeting target sales and profitability projections, but Velasco felt the brand would not be sustainable over the long term if it continued on the same path. Velasco observed, “With the rise of social networks and the digital world, it was clear that we were outside them, disconnected from young generations. I saw it with my children. Even though we had modernized the portfolio and our packaging, we were still communicating to a traditional housewife.” Hindú’s marketing team decided to pursue millennials and centennials, who were eager to consume natural, healthy foods but were less familiar with tea consumption.

To enter this new territory, the team sought advice. After evaluating various options, they chose Básica—which defined itself as a company that understood humans in their contexts—to better comprehend the dynamics of its current and potential customers. Básica’s research discovered that the typical Hindú consumer was a 50-year old homemaker with buying capacity, an affinity for traditional products, and little connection to social networks. Such a consumer was an important target but would not necessarily be receptive to product innovation. The agency established that younger audiences were disconnected from the brand, confirming the marketing team’s fears. “We were leaving out the young generations, who seek healthy food consumption. They are the most sensitive audience to this trend of well-being and self-care,” said Ramírez.

Básica mapped the younger generations using social networks to identify potential consumers in the category, what they liked and did not like, with whom they interacted, and what topics they discussed, and compiling a complete digital tracking system that enabled Hindú to establish its targeted profile consumer: millennials. Based on these affinities, Básica determined thematic axes that became the foundation for conversations Hindú could engage in with customers to maintain captive consumer relationships. Básica used Instagram accounts owned by Hindú and managed by bloggers representing each of four identified thematic axes—the Hindú Entrepreneur, who symbolized the independence of the entrepreneurial spirit (22,300 followers); Hindú Fit, who communicated a fit, healthy image and worked out (52,800 followers); Hindú Trendy, who talked about fashion, trends, technology, and gastronomy (17,400 followers); and the Hindú Traveller, who narrated interesting local or distant trips (26,600 followers). “People on social networks follow people’s stories, not the stories of brands,” emphasized Jaime Villa, a Básica consultant, to which Velasco replied, “Sometimes, I still find it difficult to assimilate that there is so much content and so little brand exposure.”

Followers could buy products in the bloggers’ online posts, and, with a click, they could visit the Hindú Instagram account for additional information about products, benefits, and recipes—as well as the Instante Shop virtual store.[[9]](#footnote-9) These bloggers were hired by Básica, which sought young, ordinary people who could create original content. Every year, new bloggers were chosen in a contest held on the Agrícola Himalaya website. “We are careful to choose concepts, not people,” stressed Villa. “It didn’t make sense to buy media to reach young people anymore. Now we buy the audiences the brand needs, and bloggers were the mechanism we needed,” Molano added.

Because the marketing team and Básica consultants had identified discussions about natural food consumption as a niche strategy, they crafted a message that would reach a broader group of consumers in more modern territory. This was how they created the tag line *Vive el momento* for all Hindú products. “Hindú will accompany you to live that moment, your moment,” said Villa.

*Vive el momento* accompanied consumers in different and new consumption moments and forms, allowing Hindú tea to become versatile. The tea was no longer just a traditional hot tea but also a cold tea and a non-alcoholic cocktail. Ramírez emphasized this versatility:

Prepare yourself a tea for breakfast, and if you want to change, have a chai with milk; if you are going to sleep, drink For the Night herbal blend tea; if you are going to chat with friends, prepare a non-alcoholic cocktail. A green tea after lunch will suit you very well, or you could take a bottle with a cold fruit tea to the gym. If you are at the office, drink a red fruits tea, cold or hot. The options are many! Telling the consumer[s] that we have something to accompany them at all times of the day is more dynamic than insisting they take care of their health.

Future Challenges

Other food companies in the tea business, such as Unilever and Lipton, the leading brand, had a presence in Colombia; while its market participation there was limited, it could become more aggressive in its penetration strategy. Other Colombian food companies with extensive experience in handling mass consumption products were Nutresa, Quala SA, and Casa Luker SA.

Convenience and hard discount stores launched private brands to compete with Hindú. Their strategy was to offer lower prices and more in-store display space. As Agricola Himalaya’s Nielsen study found, by the end of 2019, these sellers had already co-opted 15 per cent of the herbal tea market. “We have managed to sustain our market share in convenience stores, despite the competition from private brands; our brand is strongly positioned in the consumer’s mind,” affirmed Molano. Agrícola Himalaya decided to outsource its private brand of herbal teas to the hard discount store D1. “If we didn’t do it, someone else would have done it,” Velasco concluded. “In any case, we do not support our growth in outsourcing.” Agrícola Himalaya also sold some Hindú products in D1 stores.

Hindú tea competed with another popular drink in Colombia: coffee, however, Velasco did not consider coffee to be a competitor; he believed that tea and coffee were complementary products because consumers could choose one or both. In the RTD category, the teas competed with soft drinks, a product deeply rooted in Colombian culture but one that usually contained sugar.

Despite the challenges, the marketing team remained optimistic: “Our healthy proposal gives us an advantage; we can make combinations that allow consumers to continue taking care of themselves while also enjoying indulgence and enjoyment,” Molano confirmed. “We have a strong brand, and that gives us space to expand and build much more upon it,” Ramírez added. Velasco listened to his team’s discussion regarding their assigned task; he reflected on their decision to reposition the brand to reach new consumers. However, he was concerned about the impact of this decision: it could negatively affect the Hindú brand identity, which had been built over the past 60 years. In any case, the company had to develop a brand strategy to present to the board of directors and create a new product portfolio in accordance with the growth strategy.

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Exhibit 1: Agrícola Himalaya Income Statement, 2015–2019 (in millions of COP\*)

|  | **2015** | **2016** | **2017** | **2018** | **2019** |
| --- | --- | --- | --- | --- | --- |
| Income |  |  |  |  |  |
| Sales | 30,591,195 | 36,471,193 | 42,257,949 | 46,452,684 | 52,359,736 |
| Sales Discount Expenses | (1,976,540) | (2,411,848) | (2,576,863) | (3,000,971) | (3,021,502) |
| Cost of Sales | (11,851,324) | (14,596,675) | (17,147,582) | (18,991,849) | (21,672,733) |
| Gross Profit on Sales | 16,763,331 | 19,462,670 | 22,533,504 | 24,459,864 | 27,665,501 |
| Other Income |  |  |  |  |  |
| Dividends | 79,731 | 142,647 | 46,935 | 626 | - |
| Other Operating Income | 4,449 | 3,581 | 7,515 | 8,622 | 17,689 |
| Other Non-Operating Income | 66,433 | 11,748 | 54,803 | 327,191 | 312,466 |
| Financial Income | 221,601 | 321,079 | 347,635 | 175,880 | 260,799 |
| Exchange Differences Income | 150,948 | (83,035) | (22,909) | 480,048 | 344,804 |
| Deferred Tax Income | - | 41,502 | 25,756 | 305,090 | - |
| Total Other Income | 523,162 | 437,522 | 459,735 | 1,297,457 | 935,758 |
| Operating Income | 17,286,493 | 19,900,192 | 22,993,239 | 25,757,321 | 28,601,259 |
| Expenses |  |  |  |  |  |
| Administrative Expenses and R&D | (3,663,515) | (3,305,601) | (3,568,259) | (4,404,036) | (5,266,910) |
| Selling Expenses | (1,704,455) | (2,085,684) | (2,403,933) | (2,451,688) | (2,845,707) |
| Marketing Expenses | (6,305,220) | (7,044,245) | (7,846,119) | (8,123,841) | (8,772,673) |
| Transportation Charges for Exports | (1,132,801) | (1,297,687) | (1,571,064) | (1,831,277) | (2,056,085) |
| Financial Expenses | (214,417) | (518,861) | (769,137) | (470.620) | (421,470) |
| Other Expenses | (272,545) | (652,604) | (494,975) | (650,747) | (231,564) |
| Exchange Difference Cost | - | - | - | (298,172) | (384,833) |
| Total Expenses | (13,292,953) | (14,904,682) | (16,653,487) | (18,230,381) | (19,979,242) |
| Profit Before Tax | 3,993,540 | 4,995,510 | 6,339,752 | 7,526,940 | 8,622,017 |
| Income Tax | (1,641,992) | (1,973,134) | (2,447,090) | (2,589,192) | (2,830,207) |
| Deferred Tax Expense | (102,918) | (205,780) | (225,396) | (279,672) | (401,457) |
| Net Income for the Year | 2,248,630 | 2,816,596 | 3,667,266 | 4,658,076 | 5,390,353 |

Note: COP = Colombian peso; R&D = research and development.

Source: Created by the author using data from Agrícola Himalaya.

Exhibit 2: Hot Drink Market Share in Colombia, 2019  
(in thousands of millions of COP)

| **Category** | **Category Value** | **2019  Growth** | **CAGR Historical Growth**  **(% )** |
| --- | --- | --- | --- |
| Coffee | 1,633.1 | 7.1 | 6.4 |
| Fresh Coffee | 1,121.3 | 7.6 | 6.8 |
| Instant Coffee | 511.8 | 5.9 | 5.6 |
| Tea | 234.3 | 8.8 | 14.9 |
| Black Tea | 43.0 | 13.1 | 11.9 |
| Fruit/Herb Tea | 116.4 | 8.3 | 20.1 |
| Green Tea | 74.9 | 7.3 | 10.2 |
| RTD Tea | 0 | 0 | 0 |
| Other Tea | 0 | 0 | 0 |
| Other Hot Beverages | 794.0 | 2.8 | 4.0 |
| Flavoured Powdered Drinks | 771.2 | 2.8 | 4.1 |
| Other Hot Drinks based on Plants | 22.7 | 1.6 | 1.6 |

Note: CAGR = compound annual growth rate; COP = Colombian peso; RTD = ready to drink.

Source: “Country Report: Hot Drinks in Colombia,” Euromonitor International, accessed January 25, 2020, www.euromonitor.com/hot-drinks-in-colombia/report.

Exhibit 3: Hindú Tea—Market Share (in MILLIONS of COP)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Hindú** | **Other Brands** | **Private Brands** |
| **Sales** COP (’000.000) $ | 723.6 | 684.8 | 162.7 |
| **Market Share**  % | 46.1 | 43.6 | 10.4 |

Note: COP = Colombian peso.

Source: Nielsen Company, Agrícola Himalaya Study.

Exhibit 4: Hindú Herbal Teas—Market Share (in millions of COP)

|  | **Hindú** | **Other Brands** | **Private Brands** |
| --- | --- | --- | --- |
| **Sales** COP (’000.000) $ | 621.5 | 686.5 | 230.0 |
| **Market Share**  % | 40.4 | 44.6 | 15.0 |

Note: COP = Colombian peso.

Source: Nielsen Company, Agrícola Himalaya Study.

Exhibit 5: Hindú Product Portfolio, 2015–2019 (In %)

| **Category** | **Segment** | **Product Line** | **2015** | **2016** | **2017** | **2018** | **2019** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Tea | Herbal | Herbal Tea | 18 | 17 | 16 | 17 | 16 |
| Herbal Tea with Envelope | 2 | 3 | 3 | 5 | 6 |
| Healthy Herbal Tea | 7 | 7 | 7 | 7 | 7 |
| **Total Herbal Teas** | | **28** | **26** | **26** | **28** | **28** |
| Fruit | Fruit Herbal Tea | 2 | 2 | 2 | 2 | 1 |
| Cold Tea | 1 | 0 | 0 | 1 | 1 |
| Fruit Tea | 23 | 27 | 27 | 27 | 27 |
| **Total Fruit Teas** | | **25** | **29** | **29** | **29** | **30** |
| Tea | Esveltta | 3 | 3 | 3 | 2 | 2 |
| Black Tea | 17 | 15 | 14 | 14 | 13 |
| Red Tea | 1 | 1 | 1 | 0 | 0 |
| Flavoured Tea | 2 | 2 | 2 | 2 | 3 |
| Green Tea | 14 | 13 | 13 | 12 | 14 |
| Bulk Green Tea | 0 | 0 | 0 | 0 | 0 |
| **Total Tea** | | **37** | **34** | **32** | **31** | **32** |
| **Total Teas** | | | **90** | **88** | **88** | **89** | **90** |
| RTD  (Ready to Drink) | RTD | Red Fruits Iced Tea | 2 | 4 | 6 | 6 | 5 |
| Lemon Iced Tea | 3 | 2 | 1 | 1 | 1 |
| Apple Iced Tea | 3 | 3 | 3 | 2 | 2 |
| Passion Fruit Iced Tea | 0 | 0 | 0 | 0 | 0 |
| Iced Tea Zero | 0 | 0 | 0 | 0 | 0 |
| Iced Tea Plus | 2 | 1 | 0 | 0 | 0 |
| Wild Fruits Iced Tea | 0 | 1 | 2 | 2 | 1 |
| Mangosteen Iced Tea | 0 | 0 | 0 | 0 | 1 |
| **Total RTD** | | **10** | **12** | **12** | **11** | **10** |
| **Total Soluble** | | | **10** | **12** | **12** | **11** | **10** |

Source: Compiled by the authors with data from Agrícola Himalaya.

Exhibit 6: Distribution Channel Sales—Historical and Projected, 2015–2024 (in %)

| **CHANNEL** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Hypermarkets | 47.8 | 47.2 | 45.5 | 42.5 | 38.6 | 33.6 | 30.8 | 29.0 | 27.5 | 26.6 |
| Convenience Stores | 26.0 | 25.3 | 24.9 | 25.2 | 21.3 | 24.3 | 27.8 | 30.1 | 31.7 | 32.4 |
| Hard Discount Stores | 0.0 | 0.0 | 0.0 | 0.2 | 4.4 | 4.0 | 3.8 | 3.8 | 3.8 | 3.9 |
| Small Local Stores | 6.5 | 6.6 | 7.0 | 7.5 | 7.3 | 5.4 | 5.3 | 5.3 | 5.3 | 5.5 |
| Instante Shop | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.7 | 0.7 | 0.8 | 0.8 | 0.9 |
| Other | 8.6 | 9.0 | 8.6 | 9.2 | 7.5 | 8.8 | 8.1 | 7.7 | 7.4 | 7.2 |
| Exports | 11.1 | 11.9 | 14.0 | 15.4 | 20.8 | 23.2 | 23.5 | 23.4 | 23.4 | 23.6 |

Source: Compiled by the authors with data from Agrícola Himalaya.

Exhibit 7: Exports—Historical and Projected, 2015–2024 (in thousands of COP)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Country** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** |
| Panamá | 620,657 | 813,442 | 995,127 | 971,405 | 1,751,052 | 3,353,448 | 3,688,792 | 3,983,896 | 4,302,607 | 4,646,816 |
| Guatemala | 417,121 | 546,672 | 668,789 | 759,779 | 1,462,706 | 2,363,254 | 2,599,579 | 2,807,546 | 3,032,150 | 3,274,721 |
| Bolivia | 442,282 | 579,647 | 709,130 | 924,099 | 1,018,712 | 1,488,283 | 1,637,112 | 1,768,080 | 1,909,527 | 2,062,289 |
| Paraguay | 337,172 | 428,786 | 524,569 | 684,692 | 833,275 | 960,144 | 1,056,158 | 1,140,651 | 1,231,903 | 1,330,445 |
| USA | 164,660 | 215,800 | 264,006 | 360,721 | 270,296 | 630,457 | 693,503 | 748,983 | 808,902 | 873,614 |
| Caribbean | 148,563 | 194,704 | 238,198 | 231,743 | 74,030 | 117,927 | 129,720 | 140,097 | 151,305 | 163,410 |
| El Salvador | - | - | - | 63,325 | 125,898 | 203,796 | 203,796 | 242,109 | 261,478 | 282,396 |
| Nicaragua | - | - | - | - | 35,731 | 60,504 | 60,504 | 71,879 | 77,629 | 83,840 |
| Other | 62,544 | 81,969 | 118,237 | 118,237 | - | 48,000 | 48,000 | 57,024 | 61,586 | 66,513 |
| **Total** | **2,192,999** | **2,861,020** | **3,518,056** | **4,114,001** | **5,571,700** | **9,225,813** | **10,117,164** | **10,960,265** | **11,837,087** | **12,784,044** |

Note: COP = Colombian peso.

Source: Compiled by the authors with data from Agrícola Himalaya.

EXHIBIT 8: COLOMBIAN PESO DEPRECIATION AGAINST US DOLLAR, 2009–2019

| **Year** | **January (COP)** | **December (COP)** | **Depreciation %** |
| --- | --- | --- | --- |
| 2009 | 2,243,59 | 2,044,23 | −8.89 |
| 2010 | 2,044,23 | 1,913,98 | −6.37 |
| 2011 | 1,913,98 | 1,942,70 | 1.50 |
| 2012 | 1,942,70 | 1,768,23 | −8.98 |
| 2013 | 1,768,23 | 1,926,83 | 8.97 |
| 2014 | 1,926,83 | 2,392,46 | 24.17 |
| 2015 | 2,392,46 | 3,149,47 | 31.64 |
| 2016 | 3,149,47 | 3,000,71 | −4.72 |
| 2017 | 3,000,71 | 2,984,00 | −0.56 |
| 2018 | 2,984,00 | 3,249,75 | 8.91 |
| 2019 | 3,249,75 | 3,277,14 | 0.84 |

Source: Compiled by the authors with data from Banco De La Republica, *The Colombian Peso Depreciation of 2014–2015 and the Adjustment of Trade in the Manufacturing Sector [in Spanish]* 2020, accessed June 18, 2020, https://repositorio.banrep.gov.co/bitstream/handle/20.500.12134/9894/be\_1125.pdf.

Exhibit 9: Evolution of HindÚ’s Consumer Communications Strategy

* In the 1980s, the company played radio ads on local stations in Cali.
* In the early 1990s, the company launched the campaign, “It feels good because it does you good,” with television commercials, radio ads, and billboards in Bogotá.
* During the 1990s and 2000s, the brand’s communication dynamics were focused on selling points and some magazine ads.
* Over the last decade, Hindú’s brand management was marked by these important milestones:
* 2013—Renewal of the image of the brand included changing its logo and the style of its packaging, and locating itself in the “*Vive lo natural*” territory.
* 2014—A television campaign involved an unprecedented investment in the company.
* 2015—The brand pioneered massive promotional activities with “Wonders in Nature”—with the main prize of a trip to the Taj Mahal, in India—and with TV commercials. The product lines were supported through magazine ads.
* 2016—The company started the development of a digital strategy with work in social networks; launched the “Appetizers and Drinks” strategy and the “Challenge Yourself” contest with 100 per cent digital dynamics; and supported specific product lines and launches with campaigns in print media, social media, and eucoles.
* 2017—The company launched a new campaign with the tag line “Live in the Moment” and welcomed its first generation of vloggers along with four additional Instagram accounts through which the brand generated thematic content for the younger generation and target groups of the brand.

Note: An “eucol” is a kind of a medium-sized billboard that is placed on bus stops.

Source: Created by the authors using data from Agrícola Himalaya.

Exhibit 10: Evolution of Hindú Product Logos



Source: Compiled by the authors with data from Agrícola Himalaya.

1. Grupo Nutresa SA (Nutresa) was the biggest food company in Colombia. [↑](#footnote-ref-1)
2. “Tea in Colombia,” Euromonitor International, November 2019, accessed October 4, 2020, www.euromonitor.com/tea-in-colombia/report. [↑](#footnote-ref-2)
3. “Emerging Trends in Tea Consumption: Informing a Generic Promotion Process,” FAO: Food and Agriculture Organization of the United Nations, May 2018, accessed October 4, 2020, www.fao.org/3/MW522EN/mw522en.pdf. [↑](#footnote-ref-3)
4. “Which Countries Drink the Most Tea and How They Prepare It [in Spanish],” Teterum, accessed October 4, 2020, www.teterum.es/magazine/que-paises-beben-mas-te/. [↑](#footnote-ref-4)
5. “Tea in Colombia,” op. cit. [↑](#footnote-ref-5)
6. The leaves used in green tea and black tea were the same, but the processing differed. Green tea was produced by vaporizing the leaves, which prevented the oxidation that took place during the processing of black tea. [↑](#footnote-ref-6)
7. “Neighbourhood Stores Represent 52% of the Mass Consumer Market [in Spanish],” Portafolio, August 21, 2019, accessed June 11, 2020, www.portafolio.co/economia/tiendas-de-barrio-representan-el-52-del-mercado-de-consumo-masivo-532791. [↑](#footnote-ref-7)
8. Paola Andrea Vargas Rubio, “Discounters Earn 7.9% of Sales in the Sector and Have a Growth of 26.5% [in Spanish],” LR: La República, February 9, 2019, accessed June 18, 2020, www.larepublica.co/empresas/los-discounters-ganan-79-de-ventas-del-sector-y-tienen-un-crecimiento-de-265-2826015. [↑](#footnote-ref-8)
9. See “Hindú: Vive el Momento [in Spanish],” Instante Shop, 2020, accessed June 11, 2020, www.instante.shop/home. [↑](#footnote-ref-9)