

## **"At the Beginning, It was just a Thought..."**

Günter Faltin about the Genesis of His Entrepreneurial Idea

It all started with a flash: might it not be possible to organize tea trade in a radically new manner? Might it not be possible to offer high quality at a low price?

Neil Churchill, an entrepreneurship expert, once said that for a good idea to turn into a reality, up to 50,000 pieces of information need to be processed. It may take up to 10 years before an idea turns into a successful startup.

The history of ideas that went into Teekampagne ("Tea Campaign") resembles a puzzle, and it took years before its pieces came together. It began with studies at the St. Gallen business school in Switzerland, and with shopping at a Migros store, where a Swiss Franc bought you two and a half chocolate bars. The founder of Migros, Gottlieb Duttweiler, aroused my interest. His focus on pure products and high quality, and his zeal to give high value for money became pieces of my puzzle.

Later, I visited Tanzania and other Third World countries, where prices for coffee, tea, cocoa, bananas, and sugar were about one tenth of those in Central Europe or the US.

Why were our consumer prices so high? Was it because of freight and insurance? Or was it because of the profit margins? It turned out that it was neither freight nor insurance, but the packaging material for the small units sold in tea retail, and the high costs of distribution. Lesson: save on packaging and find a simpler path to the consumer. The puzzle began to take shape.

What about preserving the quality of tea? This is important if consumers are to be weaned from small packages. Traders say that tea keeps up to three years. Customers could order their annual supply. One could sell in bulk and hand the price difference to the customer. What about product variety? If variety drives up costs, why not sell just one product? And with a large order, doesn't it make economic sense to buy directly at the source, circumventing the middleman?

Can consumers be persuaded to choose only one tea and drink that for an entire year? This is a challenge. If customers are used to choice, why should they restrict themselves? Optimism returns. Better to cut back on variety, after all! If the purchase price of the tea is relatively low, you can reach for a very expensive tea. So, why not sell the best tea in the world? Experts agree that the "champagne of teas" grows on the southern slopes of the Himalayan Mountains and takes its name from the district, Darjeeling. If consumers can get such an excellent tea at such a good price, they may put up with limited choice. The puzzle was completed!

Teekampagne only sells pure Darjeeling tea. This also helps the Indian producers, because what is sold as 'Darjeeling' is not always real Darjeeling. The Tea Board of India estimates that the world-wide supply of Darjeeling tea is much bigger than what is produced in the district. The higher the demand for real Darjeeling, the higher the prices producers can get for their original product, which is high in quality and intensive in labor. If the tea is unadulterated, then the tea traders have to compete for the limited harvest. Consequently, they have to pay higher prices to the producers.

Initially, the Teekampagne's entrepreneurial gamble was to convince customers to get their annual tea supply in large packets, for a considerable price advantage. This was based on the assumption that customers would reward an effort to enlighten them about their own best interests; we hoped to 'educate' consumers (contrary to then accepted marketing wisdom) to a new concept which would offer them significant advantages. At its very core, this was an attempt to create the economic framework for a new simplicity.

Today, Teekampagne has over 160,000 customers, sells more than 400,000 kilograms of Darjeeling tea per year, employs 15 associates, is the largest mail order tea business in Germany, and the world's largest importer of Darjeeling loose tea.

Source:

Günter Faltin, "Das Netz weiter werfen" ["Cast the Net Wider"]. In: *Entrepreneurship: Wie aus Ideen Unternehmen werden* [Entrepreneurship: From Ideas to Enterprises]. Ed. Günter Faltin, Sven Ripsas, Jürgen Zimmer. Munich: C.H. Beck, 1998. 10-11.

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