

Roy's Speech at the International Tea Industry Forum

Roy Fong was a featured speaker at the 2011 Xiamen International Tea Fair's International Tea Industry Forum in China. Here's are the anecdotes and insights he shared with attendees:

Building a Market for Tea in the USA

Hello, my name is Roy Fong; my Chinese name is 方光祥. I was born in Hong Kong 56 years ago. My family immigrated to San Francisco when I was only 13 years old. About 30 years ago I had the good fortune to land in the world of tea, and since then tea has help me "grow up," made me a better person, and even more unexpectedly, given my family and me a rather comfortable living.

Tea has brought many surprises into my life, including accolades that I never expected and in some cases surely don't deserve. My tea business has been featured by the New York Times, Gourmet Magazine, the San Francisco Chronicle, and the South China Morning Post, to name a few. From a little boy leaving his home for an uncertain future in America to one of the many success stories that happens every day in the US, I've had a long journey and tea has been an excellent companion.

Tea in America has also come a long way. Thanks to the British colonial rulers, Americans have been drinking tea for 300 years. Taxes on tea were one of the reasons for the American Revolution. As a result, to this day tea is no longer taxed in the US. 120 years ago, in 1890, the average American drank 1.5 pounds of tea per year. Today Americans are famous for Starbucks and average tea consumption has fallen to less than half a pound per person per year. The good news is that the numbers are starting to grow, and I'm pleased if I've been able to play a small role in changing Americans' attitudes toward tea.

Before I could change the way others thought about tea, I had to fall in love with tea myself. I had this good fortune when I was in my twenties, on a vacation in Hong Kong. At that time I wasn't in the food and beverage industry, I was driving a tow truck. That is to say, I didn't enter the tea business from a position of privilege or influence. I wasn't an insider - and maybe that's one reason that I was able to see new opportunities in what most people assumed was a mature market. One day during my vacation I happened to be wandering around Sheung Wan when I smelled an incredible aroma that instantly took me back to my childhood - the odor of fresh oolong tea roasting over charcoal. I went into the shop and started chatting with the owner. When I finally left the teashop that day I didn't immediately realize that my life was changed forever, but I certainly knew that I wanted to learn everything possible about tea.

At first tea was only my hobby, but soon I started importing tea from China and selling to restaurants in San Francisco's Chinatown. As my business grew, I had the opportunity to make connections throughout China's tea-growing regions. I visited tea farms and factories all across the country, slowly building my knowledge of both traditional and modern tea varieties, cultivation and harvest, and processing techniques. I was very fortunate to be exposed to China's tea industry at that time in history, because so much has changed now.

During my travels in China the tea I was learning about and enjoying myself usually wasn't the same tea I was selling to Chinatown restaurants. I wished there was a way to share my love of China's finest, artisanal tea with the American market. It was that dream that led me to expand my business into retail by opening Imperial Tea Court in San Francisco in 1993. My wife and I found a storefront on the edge of Chinatown and had traditional teahouse furniture and decor built in China and shipped to California. We worked day and night to create our vision of a classic Chinese teahouse where we could sell great tea and teaware and educate Americans about our love of Chinese tea and tea culture.

The word "education" is all-important here. America is a nation of first-generation tea drinkers. At this stage of America's tea revolution you must be a teacher of tea to succeed at selling tea as anything except a low-priced commodity. So when we opened Imperial Tea Court, my wife or I or one of our trained staff members was always on hand to demonstrate best practices, discuss variety and provenance, and educate customers that tea is much more than a small paper bag full of brown powder. A teaching approach was one of the "secret ingredients" that helped our business catch the attention of people of influence, who in turn told others - and soon our little teahouse became a phenomenon with customers on six of the seven continents.

If you're skeptical that American attitudes toward tea can be changed on a large scale, here are a couple of examples of how something similar has happened with other products. Look at wine. Today everyone knows that northern California, where I live, produces some of the best wine in the world, but not until the 1960s did California growers start planting more sophisticated varieties of grapes and then labeling the wine accordingly, instead of just calling it red or white. That's when attitudes toward California wine began to change. When I was growing up in San Francisco, I was so traumatized by bad wine that I didn't touch a bottle of California wine again until I was 40 years old! How times have changed! The US has now achieved 17 years of continuous growth in wine sales and for the first time, passed the French in total wine consumption. Total sales of table wine in the US are 330 million cases and still growing. It's safe to say that with changes in production and marketing, California wine has secured a permanent place on dinner tables in America and around the world.

Or how about another beverage, coffee. In the years I've lived in the US I've seen coffee transformed from a cheap commodity that people use to stay awake, into a status symbol, gourmet item, and social tool for connecting with others. Coffee is everywhere; millions of Americans can't start the day without a cup and it's an \$18 billion business in the US. In 2010 there were 24,000 coffee shops across the United States, with 50% of their customers drinking premium-priced "specialty coffees" such as cappuccino, latte, or iced coffee. And by the way, coffee consumption has continued to grow even during the US economic downturn. And it's important to remember that the US imports almost all of its coffee. The only state where coffee grows is Hawaii.

As you can see, American consumers can exceed expectations and the potential for growth is huge! With the right approach, the market is open to changing old habits and attitudes. So let's talk tea. Here's an encouraging statistic. In 1989, total US tea sales were under \$2 billion. Today, the total is around \$10 billion. Tea sales have increased enormously in the last 20 years and there are now over 3,000 specialty tea shops in America. If tea follows the

example of coffee, the customer base for good quality and specialty tea in America will only continue to grow!

We are all aware of the economic difficulties globally and the US has been hit hard. However, the tea industry has fared better than many other businesses. According to the US Tea Association, in 2010 (a year with a weak economy), tea imports increased 10%, to a record 274 million pounds.

As with table wine and specialty coffee, tea's image in the minds of consumers is undergoing a dramatic transformation. If you visit almost any American supermarket you'll find a wide variety of teas being offered. Tea has expanded its share of coveted shelf space, which is proof of its popularity and profit potential. So-called "RTD" (ready to drink) tea in bottles, organically grown tea, and high quality "specialty" tea are increasingly intriguing the American consumer. Also, with health care so expensive, many Americans want to adopt healthier lifestyles. Supported by lots of scientific research, tea is seen as a healthy, natural option and interest in healthy living is motivating many Americans to learn more about tea.

America's Tea Renaissance has not only created one of the world's top tea markets in terms of both dollar value and growth potential, it has also fostered what I'm sure is the most innovative, exciting, and varied tea scenes anywhere in the world today - outside of the homeland of tea, China herself. All the world's tea traditions are welcome in America, from Japanese chanoyu to Russian samovars to Indian chai and English scones in the afternoon. No matter what kind of tea you have to sell, Americans will buy it. But because the US is not yet a tea-consuming society, Americans must be taught how to prepare and enjoy tea.

In these uncertain times, society craves tea's ability to both stimulate and soothe, to engage the mind as well as the body, and to provide an experience that's both refreshing and aesthetic. No other beverage can provide so many dimensions of satisfaction, and that's why I believe the ancient beverage tea is a product that seems destined for success in the modern world. I'm excited about the future of tea in the US and I look forward to all of us working together to create a bright and profitable future in the US and the world beyond.