

## Tea and Other Hot Drinks - UK - July 2014

Report Price: £1750.00 | \$2834.04 | €2223.04

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“Higher-caffeine teas could help brands increase usage by positioning the drink as an energy-boosting alternative to coffee while in hot chocolate, new formats would provide a platform for trading drinkers up.”

– Richard Ford, Senior Food Analyst

## This report looks at the following areas:

- Higher-caffeine tea has scope to compete with coffee
- Black tea with added health benefits appeals to half of tea drinkers
- New hot chocolate formats should add value to the category

Tea remains a high-penetration category, with over four in five consumers having drunk it in April/May 2014, despite competition from other drinks in recent years. Meanwhile, over half of consumers have drunk hot chocolate and almost a third malted drinks.

Despite tea's popularity, sales continue their long-term decline. Value sales are estimated to fall in 2014, in part because of a more clement forecast for the summer but also because the category faces competition from other drinks sectors. Meanwhile, the hot chocolate and malted drinks sector is forecast to see sales fall. NPD (New Product Development) in malted drinks remains limited as does advertising support in hot chocolate, despite the boost provided by Cadbury Wispa in 2013.

In tea, manufacturers including PG Tips and Taylors of Harrogate continue to launch products into the fast-growing fruit/herbal and green tea segments in 2014, expected in part help to offset lower sales of standard tea.

Opportunities for future growth in tea may lie in new formats, with research for this report identifying strong consumer demand for smaller teabags. Liquid format hot chocolate would tap into the consumer view that powdered products do not dissolve well in water and new flavours could help boost interest in malted drinks.

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