

# Tea Drinks - China - May 2021

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## This report looks at the following areas:

- The value of market segmentation in 2020
- How key market players are counteracting the pandemic
- Influences from the instant coffee market
- Changes in the tea drink tradition
- Consumer attitudes towards sugar substitutes in tea drinks
- Growth opportunities in functional benefits and emotional wellbeing

The tea drinks market has been impacted by the pandemic, with the RTD tea segment experiencing losses due to limitations on outdoor activities and festival gatherings, significantly dampening demand for Asian herbal tea. In contrast, teabags have gained in market share thanks to increased in-home consumption occasions, as well as active local players' fast market penetration through e-commerce.



"Tea drinks of different formats have experienced the pandemic differently, with the RTD segment facing challenges posed by limits on out-of-home consumption, while tea infusions enjoyed an uplift thanks to the increased time spent at home."

- Jenny Li, Category Director

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- **Consumers are prepared to pay more for sugar substitutes**

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