

Report Price: £3302.97 | \$4460.00 | €3717.16

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



"The growth rate of the RTD tea drinks market has slowed in recent years under pressure from other drinks categories (such as RTD coffee), however the market has kept expanding at a steady pace."

- Wenxin Xu, Senior Analyst, 30 June 2020

This report looks at the following areas:

Premium teabags characterised by whole tea leaves, added functional herbs or botanicals have become attractive to female users and high income demographics, enabling future market growth in this segment. In response to consumers' growing demand for fresh, nutritional, and convenient tea drinking experiences after the COVID-19 outbreak, Mintel predicts we will see an increase in launches with more functional claims, clean label, and products using premium processing or preservation methods to help the category respond to the demand for nutrition and move on from the short term disruption.

- The impact of COVID-19 on consumer behaviour and the tea drinks market
- What consumers are looking for in the post-COVID-19 market
- The value of individual segments in 2019
- Launch activity and consumers' interest in innovation
- Opportunities in tea's functional benefits

BUY THIS REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533

> Brazil 0800 095 9094

+1 (312) 943 5250

+86 (21) 6032 7300

APAC +61 (0) 2 8284 8100

EMAIL: reports@mintel.com

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market



Report Price: £3302.97 | \$4460.00 | €3717.16

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Table of Contents

Overview

What you need to know

Key Issues covered in this report

Report Scope

Definition

Executive Summary

The market

Growth in market value of RTD tea driven by premiumisation and chilled versions

Figure 1: Central forecast for value sales of RTD tea drinks (taking COVID-19 into account), 2014-24

Multi-sensory drinking experience brought by teabags driving its fast growth

Figure 2: China central forecast for value sales of teabags (taking COVID-19 into account), 2014-24

Impact of COVID-19 on tea drinks

Short-term disruptions do not change long term growth

Figure 3: Short, medium and long term impact of COVID-19 on tea, May 2020

Companies and brands

Leading RTD tea players are being challenged

Figure 4: Market share of leading RTD tea players, by value, China, 2018 and 2019

Chilled RTD segment is growing thanks to advanced technology

 $\label{lem:premium teabags} \ use \ ingredients \ and \ functional \ support \ to \ differentiate$

The consumer

Tea drinking tradition continues during and after COVID-19

Figure 5: Consumption frequency, February 2020

Potential for teabag innovations with functional benefits post COVID-19

Figure 6: Types of teabags, by gender, February 2020

Target the affluent with elevated nutrition, convenience, and functionality

Figure 7: Consumption occasion, February 2020

 $\label{lem:chilled} \textbf{Chilled segment features new packaging that accentuates freshness}$

Figure 8: RTD tea packaging, February 2020

COVID-19 lockdown shifts focus to online retail to manage risks

Figure 9: New product channel, February 2020

Premium varieties, functional blends, and fashionable packaging helps drive teabag popularity

Figure 10: Perception of tea drinks, February 2020

What we think

The Impact of COVID-19 on Tea Drinks

Figure 11: Short, medium and long term impact of COVID-19 on tea, May 2020

Opportunities and threats



VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300



Report Price: £3302.97 | \$4460.00 | €3717.16

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Leverage increased adoption of e-commerce to promote chilled RTD tea

Figure 12: Grocery shopping channel, February to May 2020

Elevated needs for convenience driving product innovation

Unearthing the emotional needs during chaotic times

Impact on the market

Limited impact on tea drinks

Figure 13: Central forecast for value sales of RTD tea drinks (taking COVID-19 into account), 2014-24

Figure 14: China central forecast for value sales of teabags (taking COVID-19 into account), 2014-24

Shifts in consumer behaviour

Overall non-alcoholic drinks see little change in consumption

Figure 15: Consumer spending changes – non-alcoholic drinks, monthly comparison – made any spending, 2020

Figure 16: Worry about being exposed to COVID-19, Feb - Jun 2020

Yearning for stronger immunity

Figure 17: Frequencies of doing different activities, by those who have done it, monthly comparison, 2020

High income households are less impacted financially

How COVID-19 will reshape the industry

Limited impact on essential spending categories

Product positioning will diverge into premium and reasonably-priced options

Figure 18: Financial situation – any 'worse off', by selection demographics, Feb – Jun 2020

Impact on marketing mix

Leaning more towards healthfulness rather than indulgence

Guiding consumers to think big on building healthy environment

Embracing the power of social e-commerce to stay agile

COVID-19: China context

Figure 19: Accumulative confirmed cases of COVID-19 in China, January to May 2020

Figure 20: Status of returning to work, China, March, April and May 2020

Issues and Insights

Teabags diversify in functionalities with better-for-you ingredients

The facts

The implications

Figure 21: Hu Qing Yu Tang's teabags with TCM ingredients and throat-soothing function

Chilled RTD tea drinks have better chance to go premium in tub and carton packaging

The facts

The implications

Figure 22: Chilled RTD tea drinks in can, carton, and tub

Explore new consumption occasions to differentiate from competition

The facts

The implications

The Market - What You Need to Know

BUY THIS REPORT NOW VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300



Report Price: £3302.97 | \$4460.00 | €3717.16

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Decreased concentration in RTD tea market

Active innovation in teabags sub-category brewing competition and market growth

Maturing cold-chain logistics to elevate drinking experiences

Market Size and Forecast

Market value of RTD tea drinks seeing steady growth due to product upgrades

Figure 23: Central forecast for value sales of RTD tea drinks (taking COVID-19 into account), 2014-24

Innovation targeting health-conscious minds could resist market volume shrinkage

Figure 24: China central forecast for volume of RTD tea drinks (taking COVID-19 into account), 2014-24

Premium ingredients fuelling teabags' fast-track market growth

Figure 25: China central forecast for value sales of teabags (taking COVID-19 into account), 2014-24

Figure 26: China central forecast for volume sales of teabags (taking COVID-19 into account), 2014-24

Market Drivers

Advancing cold-chain logistics enabling chilled innovation

COVID-19 outbreak driving healthy, natural, functional tea consumption

Government promoting sugar reduction as part of healthy dietary guideline

Market Segmentation

Herbal tea

Figure 27: China central forecast for value sales of RTD herbal tea (taking COVID-19 into account), 2014-24

Non-herbal tea

Figure 28: China central forecast for value sales of RTD non-herbal tea (taking COVID-19 into account), 2014-24

Teabags

Figure 29: China central forecast for value sales of teabags (taking COVID-19 into account), 2014-24

Key Players - What You Need to Know

Top market players resisting market share loss through branding and cost optimisation

Newcomers eyeing chilled segment expansion

Japanese tea brands positioned as premium occupying more shelf space

Market Share of RTD Tea

Tingyi's growth credited to cost management; Unif dragged down by lack of innovation

Guangzhou Pharmaceutical dominates herbal tea; JDB suffers from uncertainty

Other players continue to take cut from leading companies with premium RTD tea

Figure 30: Market share of leading RTD tea players, by volume, China, 2018 and 2019

Figure 31: Market share of leading RTD tea players, by value, China, 2018 and 2019

Competitive Strategies

Tea war brewing with imported premium tea drinks in the mix

Figure 32: Top 5 claims in RTD tea new launches, China, Mar 2015 – Apr 2020

Figure 33: Coca-Cola's Ayataka sugar-free RTD tea drink

Caring for emotional wellbeing through poetic names and functional benefits

BUY THIS REPORT NOW VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300



Report Price: £3302.97 | \$4460.00 | €3717.16

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 34: Chali 'Peace of Mind' tea made with multiple TCM herbs

Blurring the line to re-imagine tea

Figure 35: Nongfu's new product TOT sparkling tea drink

Sponsorship building brand awareness while increasing traction

Figure 36: Unif sponsoring BilibiliWorld offline tea party

Who's Innovating?

Clean label becoming standard; market is ripe for L/N/R sugar RTD tea

Figure 37: Top 5 claims in RTD tea new launches, China, May 2015 - Apr 2020

Influence consumers with environmental awareness through biodegradable seal teabags

Figure 38: New launches with environmentally friendly package claims in tea, China, May 2015 – Apr 2020

Figure 39: % of ethical-related* claims in new launches in teabags, global, May 2015 - Apr 2020

Figure 40: PG Tips switch to plastic-free teabags

Refrigerated shelf space breeding packaging innovation

Figure 41: New RTD tea launches in different storage types, China, May 2015 - Apr 2020

Figure 42: New RTD tea launches in different storage types, China, May 2015 – Apr 2020

Fusion tea blends providing multi-sensory and functionality in drinking experience

Figure 43: RTD tea drinks made with two or more flavours

Peach flavour on the rise credited to its popularity in tea shops

Figure 44: % of selected flavour in RTD tea new launches, China, May 2015 - Apr 2020

Figure 45: RTD tea or teabags with peach flavour

Birth of instant tea following coffee trends

Figure 46: Powdered instant tea

Figure 47: Powdered instant tea

Figure 48: Powdered instant blended tea and coffee by Yong Pu

Decaf tea drinks helping to unwind and relax

Figure 49: RTD tea drinks or teabags with decaf feature

Caring for women's holistic wellness at all times

Figure 50: % of selected flavour in RTD tea new launches, China, May 2015 - Apr 2020

Figure 51: Female user-oriented teabags

The Consumer - What You Need to Know

Niche teabags varietals welcomed by young females and affluent consumers

Young consumers under 25 prefer convenience stores for new product dabbling

Re-imagine drinking occasions with functional ingredients

Consumption Frequency

Loose tea leaves enjoy the highest popularity, followed by teabags and RTDs

Figure 52: Consumption frequency, February 2020

Figure 53: Consumption frequency, February 2020

Males aged 25-39 showing loyalty towards RTDs

BUY THIS REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300



Report Price: £3302.97 | \$4460.00 | €3717.16

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 54: Consumption frequency, by gender and age, February 2020

Consumers aged 25-29 showing loyalty towards milk tea

Types of Teabags

Males sticking to black or green tea, females exploring variations

Figure 55: Types of teabags, by gender, February 2020

Females aged 18-24 seeking sparks of joy through diverse tea varietals

Figure 56: Types of teabags, by gender and age, February 2020

Oolong, fruit, and barley teabags gaining attention from high income consumers

Figure 57: Types of teabags, by monthly personal income levels, February 2020

Strengthening healthy and relaxation appeal to parents

Figure 58: Types of teabags, by family structure, February 2020

Consumption Occasion

Casual usage has the most popularity; functionality could expand into more occasions

Figure 59: Consumption occasion, February 2020

Less popular occasions are welcomed by parents and consumers with high income

Figure 60: Consumption occasion, by family structure, February 2020

Figure 61: Consumption occasion, by personal income levels, February 2020

RTD Tea Packaging

Packaging innovation attracting more female users

Figure 62: RTD tea packaging, February 2020

Figure 63: RTD tea packaging, by gender, February 2020

Figure 64: RTD tea packaging, % of non-users who are interested in trying, February 2020

Usage is divided by income and education level

Figure 65: RTD tea packaging, by monthly personal income levels who have bought it, February 2020

Figure 66: RTD tea packaging, by education, February 2020

Mass market's needs are yet to be unearthed

Figure 67: RTD tea packaging, by monthly personal income levels by who haven't bought it but interested in trying, February 2020

New Product Channel

Offline retailers maintaining good foot traffic

Figure 68: New product channel, February 2020

On-the-go and convenience element attracting younger or single consumers

Figure 69: New product channel, by gender and age, February 2020

Figure 70: New product channel, by family structure, February 2020

Parents with kids adopting multiple channels to find solutions to satisfy family members

Figure 71: New product channel, by family structure, February 2020

Perception of Tea Drinks

Tea drinkers value convenience, taste, and freshness the most

Figure 72: Perception of tea drinks, February 2020

BUY THIS REPORT NOW VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300 APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com



Report Price: £3302.97 | \$4460.00 | €3717.16

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Healthy and convenient teabags are known to high income consumers and those from high tier cities

- Figure 73: Perception of tea drinks, impression on teabags by monthly personal income, February 2020
- Figure 74: Perception of tea drinks, impression on freshly brewed tea leaves by monthly personal income, February 2020
- Figure 75: Perception of tea drinks, impression on teabags by monthly personal income, February 2020

Freshness driving male users' loyalty to RTD herbal tea

Figure 76: Perception of tea drinks, impression on RTD herbal tea by gender and age, February 2020

Quality nutrients, freshness and trendiness attracting parents to RTDs

- Figure 77: Perception of tea drinks, impression on RTD tea drinks by family structure, February 2020
- Figure 78: Perception of tea drinks, impression on RTD herbal tea by family structure, February 2020

Meet the Mintropolitans

Mintropolitans enjoy tea drinks for both casual and functional purposes

- Figure 79: Consumption occasion, by consumer classification, February 2020
- Figure 80: RTD tea packaging, by consumer classification, February 2020
- Figure 81: MinTs' perception of tea drinks, February 2020

Appendix - Market Size and Forecast

- Figure 82: Total market value of RTD tea, China, 2014-24
- Figure 83: Total market value of teabags, China, 2014-24

Appendix - Market Segmentation

- Figure 84: Total market value of RTD non-herbal tea, China, 2014-24
- Figure 85: Total market volume of RTD non-herbal tea, China, 2014-24
- Figure 86: Total market value of RTD herbal tea, China, 2014-24
- Figure 87: Total market volume of RTD herbal tea, China, 2014-24

Appendix - Methodology and Abbreviations

Methodology

Fan chart forecast

Abbreviations