

Menu Insights - Tea Houses 2H - China - December 2020

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This report looks at the following areas:

- What's the market landscape of the tea house business?
- How has the COVID-19 outbreak impacted the market?
- How to seek future opportunities from the highly-saturated tea drinks market?
- As tea drink consumers have rather sophisticated and mature consumption and spending habits, what can players do to encourage more spending?
- What are the possible product innovation directions for brands to be aware of?

Even prior to the COVID-19 outbreak, the fresh tea drinks market (ie tea houses) was already highly saturated especially in upper tier cities. The unexpected outbreak has negatively impacted the market in 2020, resulting in a value sales decline. However players are still optimistic about the long-term growth as reflected in the increase in outlet numbers in 2020.

Mintel thinks there are still growth opportunities despite a crowded and highly competitive market. Product innovation, the convergence of foodservice and retailing and lower tier cities will be the keys to future market success.



"Pressure to enlarge the consumer base and jack up unit prices continues to mount, while the COVID-19 outbreak halted the dominant out-of-home consumption in the first couple months of 2020.

Combined these factors have negatively impacted the tea house business."

- Wen Yu, Research Analyst

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