

# RTD Coffee - China - 2021

Report Price: £3695 | \$4995 | €4400

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## This report looks at the following areas:

- Market growth and competitive landscape in the RTD coffee sector.
- Innovative product launches and marketing activities for RTD coffee.
- Consumers' usage and perception towards RTD coffee and other coffee types.
- Consumers' choice factors and perceived premium features when purchasing RTD coffee products.
- Growth strategy for RTD coffee to compete against other coffee types.

39% of surveyed consumers don't have a strong opinion towards whether RTD coffee is a coffee-flavoured beverage or authentic coffee, indicating consumers' ambiguous perception towards RTD coffee and the opportunity for brands to combine cross-category features to stay competitive.

COVID-19 has enhanced health awareness among consumers, and it has also changed consumers' purchase behaviour with them shopping more online. As a result, there is a trend of reducing sugar and fat content in product launches and purchase channels are gradually switching to online, though still dominated by offline channels.

The biggest threat to the RTD coffee market is the development of instant and freshly made coffee, as consumer groups of these three major coffee types highly overlap. RTD coffee brands should be following product innovation in the other two coffee types closely, since consumers are likely to have similar expectations for all three major coffee types.

Growth opportunities in RTD coffee lie in the continued innovation in product flavours and the initiative to bring out more functional benefits beyond a refreshing effect. On the other hand, brands should also launch more plant-based RTD coffee products to stay relevant in the overall coffee market.



"The RTD coffee market is expected to recover quickly and continue a double-digit growth momentum in the next five years. However, it faces threats from instant and freshly made coffee."

- Joy Yin, Senior Research Analyst

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