

Tea and RTD Tea - US - 2022

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This report looks at the following areas:

- Market factors influencing the tea and RTD tea market
- Successful tea and RTD tea brands, marketing strategies and innovation opportunity areas
- Tea and RTD tea consumption types and purchase formats
- Motivations for tea and RTD tea consumption
- Important tea and RTD tea attributes and barriers to drinking
- Interest in functional benefits
- Attitudes toward tea

Consumer interest in targeted functionality within the tea and RTD tea space has taken a backseat to affordability and general health concerns as consumers continue to ride out supply chain and inflationary disruptions to their purchase habits. As interest in functional benefits remained more or less stagnant from 2021-22, prioritization of price in RTD teas rose from 40% to 50% while prioritization of affordability in brewed teas rose from 38% to 46%. Similarly, sweetener type rose from 32% to 40% in RTD teas, far ahead of 26% interest in functional benefits.

Inflation's looming presence over consumers' shoulders in grocery purchase decisions is distracting even if tea itself represents a relatively economical, high-demand choice stable against pricing volatility. While tempting to dismiss as white noise, inflation does represent a symptom of a larger complex issue – the global supply chain chaos that has the potential to poison tea at its largely global production roots.

One of the biggest opportunities within the tea and RTD tea market is to lean into consumer's primary motivation for drinking tea – flavor. Innovation or added ingredients that deliver new flavor experiences will expand tea repertoires and frequency, whether by attracting interest of seasoned tea drinkers through sophisticated new flavor layerings or by decreasing intimidation among less-engaged users through hybrid crossovers. Offering



"Tea's time-honored roles in both the wellness space and many consumer routines secures demand in the face of pricing volatility, though inflation's blanket presence over grocery purchase decisions may amplify – and redirect – consumers' value appraisals."

– **Adriana Chychula, Food, Drink and Nutrition Analyst**

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affordable, tasty teas is the recipe for securing a coveted role in consumers' tea drinking routines; secondary motivators, like added functionality, only sweeten the deal.

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