

Tea Drinks - China - 2022

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This report looks at the following areas:

- Future market outlook and growth prospects in the next five years
- COVID-19's impact on the tea drink market and market value forecast under different scenarios
- Latest new product trends and growth opportunities
- Change in consumption trends and consumption occasions
- Perception of different tea drink formats
- Product preference and interested features when making purchase decisions

52% of consumers who prefer plain/unflavoured tea drinks also prefer to explore different products. In addition to well-known tea options such as green tea and black tea, consumers are very explorative in trying different types of tea. Opportunities exist for brands to diversify their product offerings by tapping into pure and niche tea types.

According to NBS, in 2021, the catering service saw an increase of 18.6% over 2020. The fast recovery of foodservice in 2021 promoted the out-of-home consumption of RTD tea drinks. However, China has been hit by a massive resurgence of COVID-19 cases (due to the Omicron variant) in early 2022, which will disrupt out-of-home consumption in 2022. Extended lockdown measures of up to 4-6 months may also lead to reconsideration of trading up demands.

Compared to 2021, freshly made tea drinks enjoy further increased penetration thanks to expanding outlets of tea houses (see Mintel's Report *Menu Insights – Tea Houses 1H – China, 2021*), while penetration of tea infusions and RTD tea drinks remains stable. Meanwhile, leading tea house brands, including Heytea and Nayuki, also launched their RTD tea drinks after tapping into packaging sparkling drinks, which may change the competitive landscape within the segment.



“RTD tea drinks returned to its growth trajectory in 2021 with resumed out-of-home consumption occasions, while tea bags still achieved strong growth with increased innovation activities.”

- Roolee Lu, Senior Research Analyst

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The habit of drinking hot tea is not that well-recognised among young consumers. Nearly half of respondents aged 18-24 either prefer to drink chilled tea drinks or have no strong preference towards hot tea drinks. Tea infusions can provide cold brew options as well as cold brew sets with tea wares to attract young consumers' interest.

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