

Menu Insights – Tea Houses – China – 2023

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This report looks at the following areas:

- Market value and forecast of the total value of tea drinks.
- Brands' marketing activities.
- New product development updates.
- Consumers' perception of different drink bases, trendy flavours and co-branding strategies.
- The price range and premiumisation triggers of tea drinks.

12% of consumers bought more pure tea drinks in the previous three months, only second to those who bought milk tea products (16%). At the same time, its penetration only reaches 32%, suggesting that consumer education and category expansion are still in the early stages.

Compared to other categories, COVID-19 had a less detrimental influence on tea houses. The total industry maintains double-digit growth and is predicted to continue growing in the coming years.

However, as the market enters the maturity stage, marketing teams as well as research and development teams face more challenges. Brands with a distinct personality which is fun or trendy are more welcomed by consumers. Product differentiation should not be limited to flavours or ingredients. Tea bases, milk bases, designs and selling stories could all serve as points of difference.

The future market reserves more potential for tea drinks with traditional and local characteristics. Categories such as pure tea are worth exploring. In addition, elements of self-expression are set to cause a stir among young people.



"We still see fast growth in tea houses, however, brands should start to pursue consumer loyalty rather than rapid growth. Brand value can be better delivered by incorporating traditional and local touches. Differentiation can be established through different tea bases and milk bases."

– Yifan Gu, Associate
Director

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Table of Contents

OVERVIEW

- What you need to know
- Key Issues covered in this Report
- Covered in this Report
- Excluded

EXECUTIVE SUMMARY

- Issues and Insights
- Connect with traditional and local roots to stand out
Figure 1: Example of traditional elements, 2023
Figure 2: Example of local features, 2023
- The market calls for mid-end pure tea drinks
Figure 3: Example of in-market pure tea offerings, 2023
- Drive young generations to trade up for self-expressive elements
Figure 4: Example of self-expressive elements, 2023
- Market Summary
- From high-speed growth to high-quality development
- Humanised branding becomes a necessity
- What we think

MARKET SIZE AND FORECAST

- The industry of tea houses enters the maturity stage
Figure 5: Best- and worst-case forecast of tea houses retail market value, China, 2017-27

MARKET FACTORS

- Favourable policies supporting local tea drinks are introduced
- Sinking markets become new arenas
Figure 6: Example of brands in lower-tier cities, 2023
- Higher growth potential lies in the global market
Figure 7: Example of brands in global markets, 2023
- Cost reduction is expected with capital flowing into the supply chain

MARKET SHARE

Figure 8: Store numbers and volume share of the top brands, China, 2022

MARKETING ACTIVITIES

- Going live presents brand stories better

What's included

Executive Summary

Full Report PDF

Infographic Overview

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Figure 9: Example of brands going live, 2023

- **Receipt literature opens up new ideas for co-creation marketing**

Figure 10: Example of brands leveraging receipt literature, 2023

- **Emotional marketing: understanding consumers on a deeper level**

Figure 11: Example of brands leveraging 'let it rot' culture, 2023

NEW PRODUCT TRENDS

- **Pure tea house as a new 'third space' after the coffee shop**

Figure 12: Example of pure tea houses

- **Tea drinks with flowers are still in trend**

Figure 13: Example of tea drinks with flowers, 2023

- **Tea bases become a point of differentiation**

Figure 14: Example of brands using tea base to differentiate, 2023

CONSUMPTION TREND

- **Higher tendency to consume pure tea and tea drinks with fruits**

Figure 15: Consumption trend, China, 2023

- **Pure tea and fruit-flavoured tea are more gender-neutral**

Figure 16: Consumption trend – have bought more, by gender, China, 2023

Figure 17: Consumption trend – have bought more, by gender and age, China, 2023

- **People in their 30s are ready to indulge more**

Figure 18: Consumption trend – have bought more, by age, China, 2023

PRICE RANGE

- **RMB16–20 is the most accepted price range**

Figure 19: Price range, China, 2023

- **Price cuts: a way to attract more young and male consumers**

Figure 20: Price range, by age, China, 2023

Figure 21: Price range, by gender, China, 2023

Figure 22: Price range – low price, by gender and age, China, 2023

- **Caregivers have a higher willingness to premiumise**

Figure 23: Price range, by living situation, China, 2023

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

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MILK BASE PREFERENCE

- Old story for coconut milk but new chapter with nut milk**

Figure 24: Milk base preference, China, 2023

Figure 25: Milk base preference, by price tier, China, 2023

- Peanut milk: nostalgic but yet to farewell**

Figure 26: Milk base preference – peanut milk, by age, China, 2023

Figure 27: Example of nostalgic new products

Figure 28: Milk base preference, by gender, China, 2023

Figure 29: Milk base preference – peanut milk, by region, China, 2023

- Diversity in plant-based drinks entices high-frequency consumers**

Figure 30: Consumption frequency, China, 2023

Figure 31: Milk base preference – by frequency, China, 2023

PREMIUMISATION TRIGGER

- Adding fresh fruit is the rule of thumb for a higher price**

Figure 32: Premiumisation trigger, China, 2023

Figure 33: Premiumisation trigger – fresh fruits added, by age, China, 2023

Figure 34: Example of tea drinks with fresh fruits, China, 2023

- Ingredients prepared on-site support premium positioning well**

Figure 35: TURF Analysis – premiumisation trigger, China, 2023

Figure 36: Premiumisation trigger – all ingredients are freshly made, by age, China, 2023

Figure 37: Example of tea houses preparing ingredients on-site, 2023

- Youngsters also like to spend more on non-health advantages**

Figure 38: Premiumisation trigger – selected items, by age, China, 2023

Figure 39: Premiumisation trigger – selected items, by gender and age, China, 2023

INTEREST TO TRENDY FLAVOURS

- Osmanthus and citron are must-have trendy flavours**

Figure 40: Interest to trendy flavours, China, 2023

Figure 41: Interest to trendy flavours, China, 2023

Figure 42: Interest to trendy flavours – selected items, by gender, China, 2023

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

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Figure 43: Interest to trendy flavours – citron, by region, China, 2023

- **Sakura still struggles for taste recognition**

Figure 44: Interest to trendy flavours – sakura, by frequency, China, 2023

Figure 45: Example of mixing sakura with other ingredients, 2023

- **Bamboo can find better companions**

Figure 46: Interest to trendy flavours – bamboo, by education, China, 2023

Figure 47: Example of bamboo tea drinks, 2023

CO-BRANDING INTEREST

- **Tradition is making a comeback**

Figure 48: Co-branding interest, China, 2023

Figure 49: Example of co-branding with traditional Chinese culture

- **Anime/ACG is more for 18-29 year olds**

Figure 50: Co-branding interest – Anime/ACG, by age, China, 2023

Figure 51: Example of co-branding with anime/ACG, 2022

FOOD PERSONAS

- **Who are they?**

Figure 52: Food personas, China, 2023

Figure 53: Food personas, by age, China, 2023

Figure 54: Food personas, by monthly household income, China, 2023

- **Critical Shoppers value nutrition-related benefits most**

Figure 55: Premiumisation trigger – selected triggers, by persona, China, 2023

Figure 56: Interest to trendy flavours – purple perilla, by persona, China, 2023

- **Emotional eaters drink for pleasure**

Figure 57: Premiumisation trigger – with toppings, by persona, China, 2023

Figure 58: Interest to trendy flavours – mulled wine, by persona, China, 2023

APPENDIX – MARKET SIZE AND FORECAST

Figure 59: Total market value of tea houses, China, 2017-27

Figure 60: Store numbers and volume share of the top brands, China, 2019-2022

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

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APPENDIX – METHODOLOGY AND ABBREVIATIONS

- Methodology

What's included

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Infographic Overview
Powerpoint Presentation
Interactive Databook

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