

# Tea

## Tea for You and Me



Tea is not just for afternoon anymore! You know something is mainstream when it makes its way into every category imaginable. Cocktails, main dishes, marinades, ice creams and frozen desserts, not to mention smoothies and snack bars...you can't glance at a menu or walk down an aisle without finding tea somewhere. Here's what we see happening beyond the teacup.

### Picking Up Steam

- Sales of tea increased almost **20%** from 2009 to 2013 to reach \$7.3 billion and are expected to grow another **16.8%** by 2019 with RTDs and bagged/loose/single cups leading the way.
- Tea's appeal is universal with almost as many Millennial men (**71%**) consuming tea as women (**75%**).
- Regular sweetened tea in a RTD format is the most popular with Millennial consumers.
- As awareness of sugar increases, only **31%** of consumers believe RTD tea is healthier than carbonated soft drinks.
- Rooibos tea was granted geographical indication status by South Africa, which protects its exportation, quality and provenance. It is expected that consumers will want more rooibos because of its desirable health profile and caffeine-free claim. As it is, product introductions have doubled since 2010 to **6%** of all tea launches including RTDs.

### What's the Taste of Tea?

Mintel reports that RTD tea in individual bottles, cans or multiserving packs (refrigerated or shelf) is the most popular format of tea across all consumer groups, followed by RTD tea and juice blends. While diet and unsweetened offerings are the least favorite by most consumers, half of Millennials still enjoy them. Here are flavors consumers are enjoying in new product introductions.

#### Top Flavors

|            |                   |
|------------|-------------------|
| Lemon      | Jasmine           |
| Peach      | Lemonade          |
| Chamomile  | Spice/Spicy       |
| Peppermint | Ginseng and Honey |
| Mint       | Cherry            |
| Raspberry  | Mango             |
| Ginger     | Hibiscus          |
| Citrus     | Berry             |
| Blueberry  |                   |

#### Unique Flavors

|  |
|--|
| Caramel                                  |
| Hibiscus                                 |
| Passionfruit, Maracuja, Mango and Ginger |
| Pineapple, Spinach and Kale              |
| Root Beer                                |
| Spinach and Chive                        |
| Strawberry and Hibiscus                  |
| Tomato and Mint                          |



# Branching Out



## Flavored Waters

Tea is making inroads in the market of one of its biggest competition. Tea flavored liquid water enhancers are being snapped up by Millennials groomed on bottled water, but looking for a little more flavor.

## Smoothies/Juices

Tea flavored smoothies are viewed as more healthy given tea's antioxidant properties and **18%** of consumers say they would embrace juices that have been blended with tea in order to reduce the sugar content.

## RTD Tea

The RTD market is plateauing as consumers are typically not repeat customers, nor do they routinely make RTD teas their drink of choice. There is speculation that as consumers continue to watch their sugar intake they will reduce the amount of RTD teas consumed.

# The Future of Tea

## Tea Meets Non-Dairy Milks

Consumer perception of non-dairy milks as high in protein makes them the perfect partner for tea such as matcha. This combination creates a nutritional powerhouse that could be positioned as a snack or post-workout recovery beverage.

## Bubble Tea for You and Me

Just like the reincarnation of frozen yogurt, bubble tea is poised to become the next hot snack and/or beverage trend. Forever Yogurt entrepreneur's Bee and Tea quick serve concept is making bubble tea loving consumers happy and refreshed. And U.S. consumers can look forward to RTD bubble tea beverages making their way to convenience store shelves nearby.

## Tea for Two...Anywhere

New disposable brewing technology offered by the Grower's Cup makes it easy to brew two cups of tea for immediate enjoyment anywhere hot water is available. Also Flavor Up by Finum allows brewing direct in the consumer's water bottle.

## Cocktails

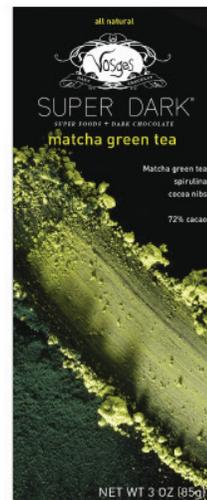
While tea flavored vodkas have peaked, tea's mild and dry flavor profile lends itself well to the spirits category when used as a mixer for cocktails. Look for more tea-tails in a glass near you.

## Snacks

Popcorn, energy bars, trail mix...if it's a snack application, tea is in it. We recently spotted a bar that blends green tea with almond, vanilla or matcha, touting the antioxidant properties associated with the green tea.

## Desserts

Whether infused into cake mixes or frozen into sorbets or ice creams, varieties of green teas, roiboos and oolong star in sweets. In Asia, green tea Kit Kats are favorites, and Vosges Haut Chocolate matcha flavored dark chocolates are recent entries in the upscale confectionery market.



## The Masculine Side of Tea

Manufacturers that mistake tea as being only for women will lose out in this lucrative and growing market. Men are sipping right along with women and positioning teas with a more gender neutral bend will be successful.

## Cofftea

As consumers begin to reduce caffeine intake, a new trend is emerging in Asia using tea to water down coffee. Nestle's recent introduction of Sweet Leaf's Coffee-Tea is just the beginning. This cofftea is becoming an innovation in its own right with a further idea of brewing tea with coffee leaves. Coffee and tea lovers unite!