

TEA AND RTD TEA – INDIAN CONSUMER – 2021



The challenge facing tea and RTD tea brands is to build relevance with younger consumers by focusing on functional health claims or greater convenience.



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Report Content

EXECUTIVE SUMMARY

- What you need to know
- Mintel's perspective

Market context

- Impact of COVID-19 on tea and RTD tea
 - Graph 1: consumers who do their job from home as a result of COVID-19 outbreak*, July 2020
- Potential for tea and RTD tea to tap into consumers' heightened interest in health
 - Graph 2: health-related statements that consumers say describe them*, July 2020
- Global trends will shape the tea and RTD tea market with focus on self-care and convenience

What consumers want and why

- Consumers want: more varieties of tea beyond traditional milk tea (chai/masala chai)
 - Graph 3: types of tea consumed regularly (ie at least 2-3 times in a week), by age, January 2021
- Consumers want: more functional benefits
 - Graph 4: health benefits sought from tea, by city tier and socio-economic group, January 2021
- Consumers want: more convenient tea drinking and preparation experience
 - Graph 5: statements about tea, by region, January 2021

Opportunities

- Target consumers who want something beyond chai and masala chai
 - Graph 6: agreement that "Iced tea is a suitable alternative to carbonated soft drinks", by gender and parent status, January 2021
- Enhance the functional benefits of tea and RTD tea
 - Graph 7: types of tea sought, by health benefits, January 2021
- Use pre-mix sachets and RTD tea to deliver greater convenience
 - Graph 8: types of tea consumed regularly (ie at least 2-3 times in a week), by city tier, January 2021

Competitive landscape

- India's tea and RTD tea market is dominated by key players

Mintel predicts

- Tea and RTD tea will continue to grow after being initially impacted by the pandemic-led lockdown

IMPACT OF COVID-19 ON TEA AND RTD TEA

- The outlook for the Indian food and drink industry

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- The outlook for tea and RTD tea category
- SWOT analysis: the impact of COVID-19 on tea and RTD tea
- The marketing mix: product
- The marketing mix: place, price and promotion
- In summary: adapting to the next normal

KEY TRENDS

- What you need to know

Global trends and how they are playing out in India

- Mintel Trend: Help Me Help Myself
- Mintel Trend: Elevated Convenience

Key drivers

- Young consumers want something new
 - Graph 9: percentage of consumers who typically stick to using the same brand of tea, by age, January 2021
- The COVID-19 pandemic accelerates the focus on preventive health
 - Graph 10: COVID-19 outbreak's impact on consumers' food and drink habits, July 2020
- Demand for functional food/drink considered healthy is in demand
 - Graph 11: benefits consumers would want their ideal diet to provide them with, Dec 2019
- The concept of convenience now focuses on ease of preparation and affordability

CONSUMER INSIGHTS

- What you need to know

Tea consumption is evolving

- Drinking chai is part and parcel of the Indian lifestyle, but important to improve relevancy among younger consumers
 - Graph 12: regular consumption of tea (ie at least 2-3 times in a week), by age, January 2021
- Target iced, green and herbal tea at younger consumers aged 25-34
 - Graph 13: interest in specific tea types, by age, January 2021
- Herbal tea appeals to females and younger males aged 25-34
 - Graph 14: herbal tea consumed regularly (ie at least 2-3 times in a week), by age and gender, January 2021
- Engage younger consumers aged 18-24 with flavoured tea
 - Graph 15: consumers who seek flavoured tea, by age and gender, January 2021
- SEC A and metro consumers are upgrading their tea choices to include green tea
 - Graph 16: type of tea consumed regularly (ie at least 2-3 times in a week), by socio-economic group, January 2021
- Males and females aged 35+ living in the South are potential target for green tea
 - Graph 17: consumers who seek green tea, by age and gender, January 2021

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- Taste is a barrier for green tea adoption
 - Graph 18: consumer dislike of green/herbal tea's taste, by city tier and age, January 2021
- Brands can provide green tea's benefits in regular milk tea
- Tea with milk and sugar still dominate, but wealthier consumers are opting for tea without sugar and milk
 - Graph 19: consumers who seek milk/sugar in tea, January 2021
- Opportunity to target females with tea without milk and sugar; older males with tea without sugar, convenience
 - Graph 20: consumers who seek tea without milk and sugar, by gender and age, January 2021
 - Graph 21: consumers who seek tea with milk but without sugar, by gender and age, January 2021
- Iced tea can also be positioned as an alternative to carbonated soft drinks at males, 35+ and parents with children
 - Graph 22: agreements that "Iced tea is a suitable alternative to carbonated soft drinks", by gender and age, January 2021

Consumers are interested in the functional benefits of tea

- Consumers seek immunity-boosting and stress/sleep benefits in their tea
 - Graph 23: most sought tea benefits, January 2021
- Tea drinkers aged 35-44 are more attracted to immunity and stress/sleep messages; females to oral health/beauty benefits
 - Graph 24: most sought tea benefits, by age, January 2021
 - Graph 25: most sought tea benefits, by gender, January 2021
- Target immunity at SEC A; stress/sleep and digestion at SEC A and B; beauty and oral health at SEC B and C
 - Graph 26: most sought tea benefits, by socio-economic group, January 2021
- Brands can potentially upgrade RTD tea to create more compelling reasons to consume
 - Graph 27: reasons for drinking hot tea and iced tea (RTD tea), January 2021
- Associate iced tea and tea bags with immunity benefit
 - Graph 28: types of tea consumed regularly (ie at least 2-3 times in a week), by health benefits, January 2021
- Consumers link selected tea products with certain functional benefits
 - Graph 29: types of tea sought, by health benefits, January 2021
- Ensure active ingredients are present in functional tea
 - Graph 30: hot tea launches with immunity claim, by selected ingredients, 2018-2020
 - Graph 31: hot tea launches with slimming claim, by selected ingredients, 2018-20
- Brands can incorporate additional ingredients into functional tea based on consumer preferences
 - Graph 32: additional ingredients consumers want in their ideal cup of tea, by functional benefits, January 2021

Consumers are looking for a convenient tea format

- Tea in convenient formats can address consumer needs for convenience without sacrificing quality
- Consumers from lower-tier cities and those who are employed look for greater convenience in tea making and consumption
 - Graph 33: statements about tea, by city tier, January 2021
 - Graph 34: statements about tea, by employment status, January 2021

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- Pre-mix/instant tea sachets can ride the growing demand for convenient formats among busy consumers
 - Graph 35: types of tea consumed regularly (ie at least 2-3 times in a week), by employment status, January 2021
- Apart from convenience, there is an opportunity to upgrade pre-mix/instant tea sachets to meet people's desired health benefits
 - Graph 36: types of tea consumed regularly (ie at least 2-3 times in a week), by health benefits, January 2021
- In a predominately hot tea market, brands can cultivate iced tea among lower-tier consumers
 - Graph 37: iced tea consumed regularly (ie at least 2-3 times in a week), by city tier, January 2021
- RTD tea can address the greater need for convenience in the South
 - Graph 38: statements about tea, by region, January 2021
- Consumer insights summary

MARKET APPLICATION

- Opportunities: key focus areas

Opportunities to expand the consumption repertoire beyond regular milk tea

- Repertoire of tea consumed by Indian consumers lays the foundation for consumers to try more tea types
 - Graph 39: repertoire of tea types consumed regularly (ie at least 2-3 times in a week), January 2021
- Cold-infusion can be the next step for herbal tea
- Excite the senses with fruit-flavoured teas
- Make green tea more palatable with fruits and botanicals
- Combine coconut water with green tea
- Include green tea's benefits in regular milk tea for those wary of the taste of green tea
- Hot tea can meet health-conscious consumer preference for a low/no/reduced sugar formulation
- Sparkling RTD teas look to compete with carbonated soft drinks
- Explore the potential for blending tea with milk for children

Focus on delivering more functional benefits

- COVID-19 has accelerated the shift to having more functional benefits in hot tea
 - Graph 40: hot tea launches by selected functional claims, 2018-2020
- Tea brands are actively launching hot tea with immunity benefits
- Beauty and oral health products can cater to females
- Explore oolong as a functional digestive tea
- There are opportunities to improve the functional benefits of RTD tea to match development in hot tea
 - Graph 41: hot tea launches by selected functional claims, 2018-20
 - Graph 42: RTD tea launches by selected functional claims, 2018-20
- Add more functional benefits into RTD tea
- Use probiotics to reinforce tea's credentials in immunity support
- Educate consumers about heat-stable probiotic tea

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- Target lactating mothers with functional tea

Focus on convenience

- Pre-mix/instant tea sachets can offer convenience with the addition of functional benefits
- Green tea in instant cup format is promoted as an option for hot tea drinkers looking for greater convenience
- RTD tea launches in India are predominately bottled
 - Graph 43: RTD tea launches by package type, 2018-20
- Brewhouse adds PET as an affordable packaging option
- Look to Indonesia for inspiration in using tubs to popularise RTD tea
- RTD tea can focus on affordable, convenient packaging formats

Global innovations

- Meet Japanese tea: matcha, hojicha, gyokuro and sencha
 - Graph 44: launches of hot tea and RTD tea by select ingredients, 2018-20
- Hojicha adds unique flavour to both hot and RTD tea segments
- Rival coffee's energy appeals with added caffeine
- Offer the best of both worlds with coffee-infused teas

APPENDIX

- Report definition
- Consumer survey methodology

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- ✔ Understand the Indian market and see how it fits into wider trends on a local and global level.
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