CBI Product Factsheet:

Tea in the United Kingdom

Introduction

Tea is important and can be served at all times in the United Kingdom. The British tea market is both significant and traditional. Three out of eight units of liquid drinks consumed by the British are tea, of which 96% is sold in teabags. The British are loyal to their brands and prefer black, mostly blended, tea. Yet tea consumption is also decreasing quite rapidly, amongst other things because of the increasing competition from coffee.

Product Definition

The word 'tea' refers to a hot beverage that is prepared by infusing or brewing the dried leaves of the *Camellia sinensis* plant. There are at least six different types of tea: green, white, yellow, oolong, black, and dark post-fermented tea (or black tea for the Chinese). The most commonly found on the market are black, green, oolong and white tea (see table 1).

Flavours of tea

Oxidation is the distinguishing factor that determines whether tea leaves will become black, oolong, green or white tea. It is a chemical process that results in the browning of tea leaves and the production of flavour and aroma compounds in finished teas. During the oxidation process (sometimes also referred to as 'fermentation'), the flavours and aromas of tea become fuller and deeper. In general, black tea is fully oxidised, oolong is partially oxidised, green tea is processed to stop oxidation (only minimal oxidation or no oxidation at all occurs) and white tea is unoxidised.

Table 1: the most common teas and their flavours

Tea	Description	Flavour
Black tea	Black tea is the most common type of tea in the Western world. Black tea is almost always fully oxidised.	Black tea is noted for its full, bold flavour and its ability to pair well with many Western foods, particularly sweets and creamy foods.
Green tea	Green tea is processed to quickly stop oxidation (minimal oxidation occurs). Japanese green teas are typically steamed. Chinese-style teas are	Japanese-style green teas tend to have strong vegetal, grassy or oceanic/seaweed notes and a slight citrus undertone. Examples include Sencha and Matcha tea.

	typically processed with dry heat.	Chinese often have a mellower, sweeter flavour profile with notes of nuts, flowers, wood and/or vanilla.
Oolong tea	Oolong tea is rolled by hand or machine and pan fired, and then heated. Many oolongs are roasted afterwards to further develop their flavours and aromas.	Depending on their processing, oolongs may have flavours and aromas of honey, orchids and other flowers, lychee and other fruits, wood, butter or cream, vanilla and/or coconut.
White tea	White tea is a light tea grown and harvested primarily in China (Fujian and Zhejiang province). The name relates to the whitish appearance of the plant. The tea is pale yellow.	White tea has a light, delicate, slightly sweet flavour.

Most teas are sold to consumers as *blends*: mixtures of teas from several different origins to achieve a certain flavour profile. Most branded teas in Europe use 20 or more origins to achieve their desired taste and price level. However specialised tea (and coffee) shops are increasingly selling single origin teas.

British flavour preferences

About 90% of the tea drunk in the United Kingdom is black tea, of which more than half is produced in East African countries, mainly Kenya. Almost all British people drink their black tea with milk, that is, about 98%. Sugar is sometimes added as well. 96% of all tea is consumed from a tea bag (British Tea & Infusions Association). Besides black tea, green tea (sometimes combined with fruits or herbs) and earl grey are flavours regularly available in the United Kingdom.

Codes used in customs & international trade

The statistical data in this document is based on Combined Nomenclature (CN) codes. The CN uses Harmonized System (HS) codes to classify products. The HS codes included in this study are listed below. There are no separate HS codes for oolong and white tea. They fall under the categories of fermented and unfermented teas, respectively.

HS Code	Description
090240	Black tea (fermented) & partly fermented tea in packages exceeding 3 kg
090230	Black tea (fermented) & partly fermented tea in packages not exceeding 3 kg
090220	Green tea (not fermented) in packages exceeding 3 kg
090210	Green tea (not fermented) in packages not exceeding 3 kg

Product Specification

Quality: grading and classification

The factors affecting tea quality can be distinguished as follows:

- Genetic: tea quality is determined primarily by the genetic properties of the tea plant/bush: China type, Assam type or hybrid.
- Environmental: the quality of tea is affected by elevation (high altitude), soil and climate (including temperature, humidity, sunshine duration, and rainfall).
- Field operations: pruning, fertilising, shading and plucking also play an important role in determining the quality and flavour of tea.
- Processing of plucked tea leaves: orthodox versus 'crush, tear and curl' (CTC) tea

There are four basic grades in orthodox tea production: whole-leaf, broken-leaf, fannings and dust. These categories specify and indicate the different leaf sizes and associated strengths. Whole-leaf and broken-leaf grades are used predominantly for loose (specialty) teas, while fannings and dust are the preferred grades for CTC and other teabags.

The quality of tea is generally assessed by tea tasters (at auctions or from private buyers). Additional information is provided in the Compendium of Guidelines for Tea, drafted by the European Tea Committee.

There is growing international interest in the enforcement of minimum quality standards for internationally traded tea. The difficulty is agreeing on internationally acceptable quality standards. Exemplary tea grading specifications can be found on the website of Rate Tea.

Labelling

Consumer products containing tea are required to be labelled with the following characteristics:

- Name of the product;
- Physical condition or the specific treatment undergone (oxidised or not, etc.)
- List of ingredients, including additives (such as herbs for herbal teas);
- Nutritional values, for products containing ingredients that alter nutritional value (for instance, candied fruit pieces, coconut chips)
- Presence of substances known for their ability to spark allergic reactions and intolerances should always be indicated;
- Net quantity;
- Expiry date preceded by the words "best before";
- The name or business name and address of the manufacturer or packer, or of a seller established in Europe;
- Place of origin or provenance.

Packaging

Tea is packaged in food grade foil lined paper sacks, plywood chests are hardly used anymore. The tea sacks are normally packed in 20 sacks to a pallet that weighs between 700 kg to 1,500 kg. On bulk packaging the lot number (identification number), net and gross weight (quantity of content), whether the bag contains green or black tea (ingredient list), and more specific information, for instance, name of the tea factory (statement of identity) and the country of origin are required.

Common packaging methods

What requirements should tea meet to be allowed on the British market?

As a result of a referendum in June 2016, the United Kingdom will leave the European Union, the so-called Brexit. However, the exact date of leaving is yet to be determined. Therefore, tea exported to the United Kingdom must still comply with the strict food safety legislation drafted by the European Union. The food safety legislation includes regulations on food safety, maximum residue levels (MRLs) permitted, contaminants, consumer labelling and extraction solvents.

What legal requirements must my product comply with?

Compliance with European legislation is the most important criterion that European buyers have when purchasing tea. Only suppliers that are able to comply with the high European requirements concerning quality and food safety will be allowed to enter the European market (and for now the British market as well). Compliance with the maximum permitted residue levels (MRLs) and legislation regarding contaminants is considered most important in this regard.

Tips:

- Direct information on the relevant legal requirements is also available on the website of the European Union's Export Helpdesk.
- Use the European Union MRL database to find the MRLs that are relevant for your tea. Select your product or the pesticide you use and the database will show the list of the MRLs associated with it, including the legal MRLs.
- For more information on requirements for tea on the European market, please read our study on buyer requirements for tea on the European market.
- The International Trade Centre's Standards Map contains additional information on voluntary standards.

What additional buyer requirements do buyers often have?

In addition to the legally binding requirements, sustainability has become an increasingly important condition for market access. Most of the tea sold in the United Kingdom currently has some form of certification. The certification schemes of the Rainforest Alliance and the Ethical Tea Partnership (ETP) are the most common, although Fairtrade is also important (see below). British consumers are known for their brand loyalty, however, and they trust their brands to provide good, natural tea. In general, certification plays a secondary role in consumer choices.

Tip:

- Consult with your buyers about their preferred labels. The leading certification in the United Kingdom, Rainforest Alliance, is preferred by major companies (for instance, Tetley, Unilever and Twinings). There is also a large market for Fairtrade tea.

Niche sustainability concepts

Whereas it has become common practice in the mainstream British tea market to set requirements regarding sustainability, a niche market exists for organically-produced tea. The United Kingdom is the world leader in Fairtrade tea sales, with a 70% share of all global Fairtrade tea sales in 2013. In the United Kingdom, Fairtrade products accounted for 10% of all tea sold in 2013 (Ethical Superstore, 2013), although sales of Fairtrade tea decreased by 1% in 2014 (The Guardian, 2015).

Box 1. Sustainability initiatives of individual tea packing companies operating in the United Kingdom:

In the United Kingdom, tea packing and blending companies that sell products on the British retail market and their sustainability policies are:

- Tetley (Tata Group) - Sustainability with Rainforest Alliance certification and ETP membership
- PG Tips (Unilever) - Sustainability with Rainforest Alliance certification
- Twinings (Associated British Foods) – Corporate social responsibility with ETP membership and Rainforest Alliance and Fairtrade teas
- Yorkshire Tea (Bettys and Taylors of Harrogate) – respecting the planet with Rainforest Alliance certification
- Typhoo – ethical tea

What is the demand for tea in the United Kingdom?

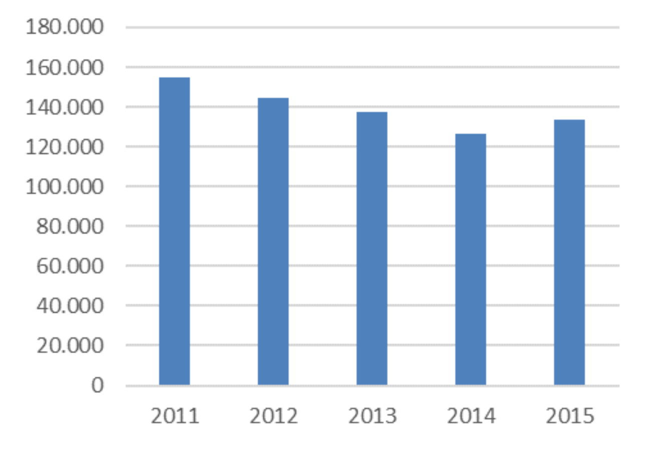
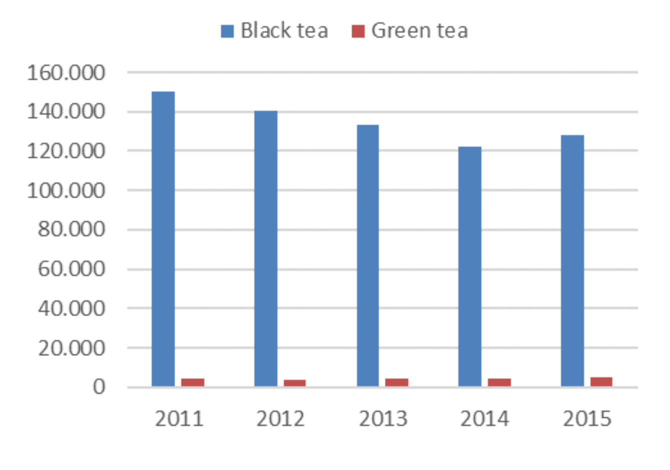
Unless stated otherwise, the import, export and consumption figures presented below are based on the selected HS codes (see the *Product Description* section).

Black tea still dominates tea imports

The United Kingdom is the largest European tea market with tea imports amounting to some 133 thousand tonnes with a value of about €354 million in 2015. Since 2011, tea imports have shown an average annual decrease of 3.6% in volume. Despite this decrease, the United Kingdom still accounted for 39% of all European tea imports in 2015. In fact, the value of imported tea increased since 2011 with 1.6% annually, indicating an increasing demand for high quality/value teas (for instance, loose-leaf teas, as opposed to conventional black tea).

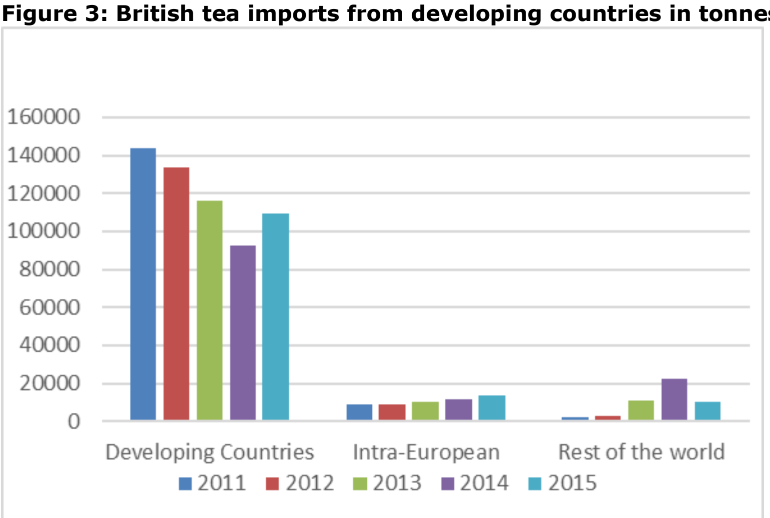
Of all of the tea imported in the United Kingdom in 2015, about 97% was black tea (about 150 thousand tonnes) and only about 3% was green tea (about four thousand tonnes). Black tea imports have shown an average annual decrease of about 4% since 2011, whereas green tea imports have shown an increase of about 6% over the same time. In 2015, imports from developing countries consisted of about 96% black tea and about 4% green tea.

Figure 1. Total volume of British tea imports in tonnes, 2011–2015	**Figure 2. Volume of British black and green tea imports in tonnes, 2011–2015**

	
Source: Eurostat, 2016	*Source: Eurostat, 2016*

The United Kingdom relies heavily on developing countries for its supply of tea. Imports from developing countries amounted to about 82% of all tea imports in 2015. Since 2011, tea imports from developing countries have shown an average annual decrease of 6.6%. About 10.2% of tea imports in the United Kingdom came from other European countries in 2015. This tea is originally sourced from outside the European Union and exported (or re-exported) to the United Kingdom. Imports from European countries have increased by 11.1% per year since 2011.

Figure 3: British tea imports from developing countries in tonnes, 2011–2015



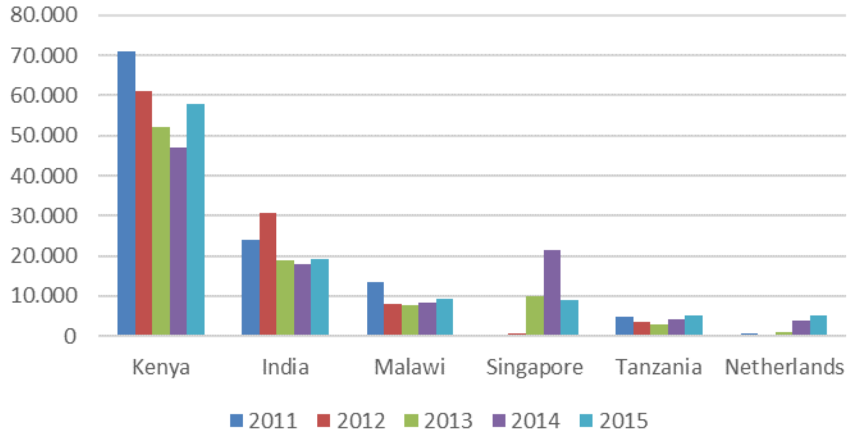
Source: Eurostat, 2016

Tip:

- When exporting teas (higher or lower value teas), look for opportunities in direct trade with the United Kingdom, hereby bypassing the auctions. Through these private sales, you may obtain a better price. This is quite common for specialty tea and for buyers with specific requirements.

Kenyan tea remains most popular on the British market
The largest tea supplying country to the United Kingdom remains Kenya, accounting for 43.3% of all tea imports. Despite strongly fluctuating imports, Kenyan tea remains popular among British buyers because of its colour and flavour and is mostly used for blends in tea bags. As Figure 4 shows, opportunities for suppliers can differ per year, depending upon the quality of the global harvest (e.g. in terms of volume and/or compliance with food-safety requirements, including pesticides), price and consumer trends.

Figure 4: Leading six supplying countries to the British tea market in tonnes, 2011–2015



Source: Eurostat, 2016

Tips:

- Keep updated about developments in the global market as they can have an impact on your competitive position. Refer to price and crop reports and talk to experts.
- A long term and professional cooperation is a good way to increase your presence in a particular market and consolidate your position.

Imports of consumer-packaged tea remain small

Because the leading British brands package and blend their tea in the United Kingdom for both domestic and export markets, the United Kingdom predominantly imports bulk tea (92% in 2015). Developing countries supply a small share of consumer-packaged tea to the United Kingdom (14%). India, Sri Lanka and China are the only developing countries that supply consumer-packaged tea to the United Kingdom in relevant volumes. India and Sri Lanka both account for 4% and China accounts for about 2% of imports of consumer-packaged tea.

Tips:

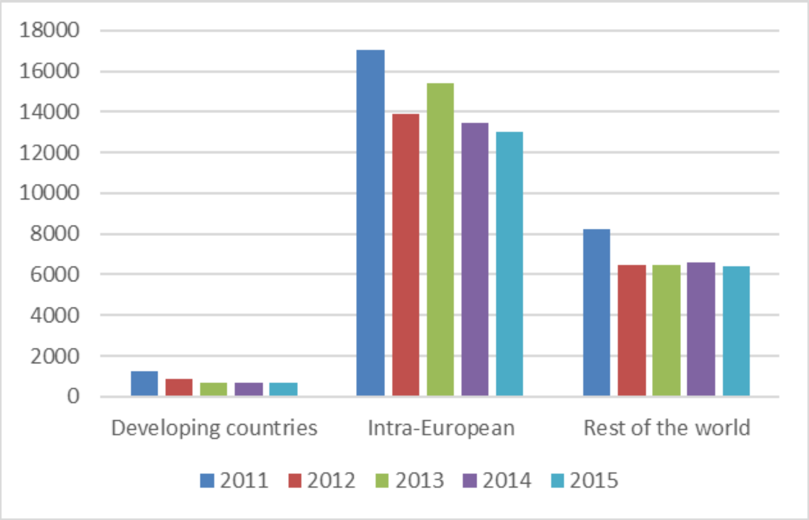
- Although it is not a simple endeavour, exporters in producing countries can try to sell blended or other teas in consumer packages (for instance, teabags). For example, exporters could provide private-label products for particular supermarkets (or chains) at prices that are higher than those for bulk tea. Sri Lanka has a long history of capturing more value in the supply chain through value-added production (Ceylon tea) and high-quality tea. Note that it is necessary to offer a complete variety of consumer teas, with a variety of flavours and herbal blends.
- Note that adequate packaging is extremely challenging. For example, consumer teas are increasingly being packed in pyramid-shaped teabags.

North-western Europe and North America are the most important export markets

European countries are most important export markets

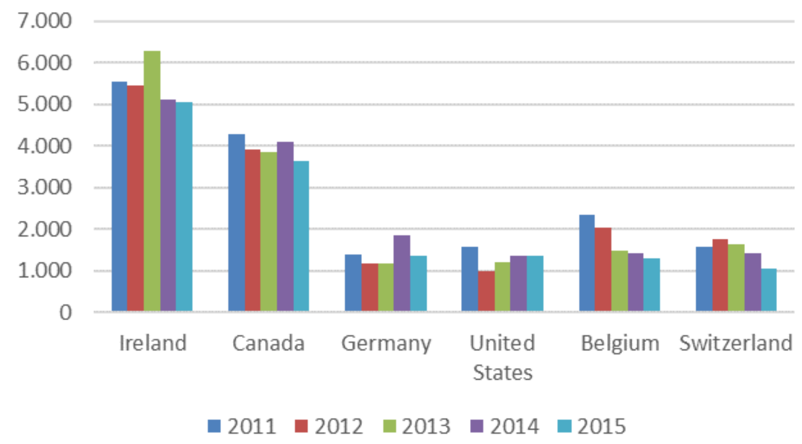
In 2015, tea exports from the United Kingdom amounted to a total volume of 20 thousand tonnes, with a value of €127 million. Since 2011, total export volumes from the United Kingdom have decreased by an average of 6.7% per year. The decrease in exports was due in large part to the strong reliance of British exports on markets that have not performed very well in recent years (for instance, Ireland). In 2015, about 65% of tea exports were destined for other European countries. The largest export markets for British tea are Ireland (25.2%), where tea is sold as Unilever’s Lyons tea, and Canada (18.1%).

Figure 5: British tea exports in tonnes, 2011–2015



Source: Eurostat, 2016

Figure 6: Leading six export destinations for tea from the United Kingdom in tonnes, 2011–2015



Source: Eurostat, 2016

Tips:

- The United Kingdom may be used as a hub to market your teas in other (European) countries.
- Although not an easy task, consider exporting directly to the exporting partners of the United Kingdom. Create an account for databases such as Eurostat and the International Trade Centre to get a better understanding of trade flows between European countries and your own country.
- For more information about the British tea market in relation to the European tea market, please refer to our study on European trade statistics for tea.

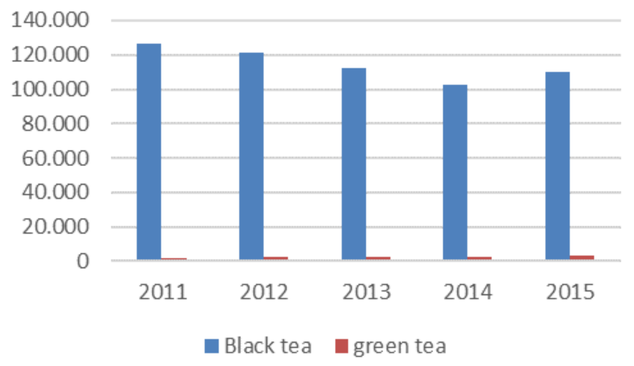
Tea consumption in the United Kingdom

Consumption figures may vary (slightly) from other consumption statistics on the British tea market. This can be credited to the fact that consumption figures are calculated using import and export figures. This calculation does not take into consideration carry-over stocks and possible faulty registration of trade data.

Tea remains most popular hot drink

The United Kingdom is by far the largest tea consuming country in Europe, with total tea consumption amounting to about 113 thousand tonnes in 2015. Ireland is the only European country with a higher per capita tea consumption of 2191 grams per year, as compared to 1941 grams in the UK (Quartz, 2014). Although tea remains the most popular hot drink in the United Kingdom (165 million cups being drunk every day), coffee has gained more popularity at the expense of tea (currently about 70 million cups every day).

Figure 7: Apparent tea consumption in tonnes in the United Kingdom, 2011-2015



Sourc: Eurostat, 2016.

Tip:

- Contact the British tea and infusions association to find out more about the British tea market, its developments and its major players.

Tea consumers become more adventurous

The British tea market has traditionally been characterised by black tea consumption. However, there is a noticeable shift away from black tea to other categories of tea, mostly fruit/herbal teas and green tea. Between 2012 and 2014, sales of ordinary black teabags fell by 13% because of various reasons (including the rise of a coffee culture and the fact that black tea is falling out of favour). During the same period, sales of fruit and herbal teabags increased by 31%, sales of speciality teabags increased by 15% and sales of green teabags leaped by 50%. These teas are perceived to be healthier and appeal to the younger generations.

In the United Kingdom, tea brands are diversifying into new ranges of green tea. The most popular tea brand in the United Kingdom, Tetley, is also the fastest-growing brand of green tea brand (Mintel, 2015).

Tip:

- Most British people drink black tea made from tea bags. The loose tea leaf market is very small, about 4%, and is stable. Due to its growing popularity, opportunities lie in green teas, fruit/herbal teas and black specialty teas.

What trends offer opportunities on the British market for tea?

Rising popularity of new categories of teas

British consumers are becoming more conscious of health issues (for instance, consuming less alcohol, sugar and salt). As a result, British consumers are increasingly drinking other categories of tea (for instance, black specialty tea, decaffeinated tea, green tea and fruit/herbal tea). About one tenth of the total tea market in the United Kingdom currently consists of these new tea categories.

The consumption of standard black tea has decreased over the past years. Black tea lost sales to fruit/herbal teas and to green tea, which are perceived as healthier and appeal to the younger generation especially. Coffee is becoming increasingly popular too, in particular specialty coffee. Fruit/herbal tea infusions, green tea and coffee are drinks with new and exciting tastes. Black tea is not able to keep up with this new and fresh image.

In the United Kingdom, tea brands have spent millions of pounds diversifying into new ranges of green tea. For example, in 2014, PG Tips, launched a range of green teas, alongside its fruit and herbal teas (Source: The Guardian, 2015).

Tips:

- Specialty teas, green tea and fruit/herbal combinations may be an additional unique selling point, as compared to standard black teas. It is important to have a good understanding of the ingredients that are used for specialty teas when considering entering this market. In some cases, you will have to acquire new ingredients and, therefore, to use different supply chains.
- An overview of British preferences for loose teas can be found on the website of English Tea Stores.

Ethical sourcing

British consumers perceive tea as a natural product, with a subconscious tendency to trust their brands to do the right thing (Source: British Tea and Infusions Association). As a result, certification generally plays a secondary role in the choices of British tea consumers, and it does not automatically help suppliers to increase their consumer markets. Most of the tea sold in the United Kingdom now has some form of certification.

Ethical sourcing (especially with Fairtrade certification) is important for tea traders, as is certification by the Rainforest Alliance, which has been embraced by the two leading brands, Unilever and Tetley. The United Kingdom is the world leader for Fairtrade, accounting for approximately 70% of global Fairtrade tea sales. In the United Kingdom, Fairtrade tea accounted for 10% of all tea sold in 2013 (Ethical Superstore, 2013).

In 1994, Clipper tea became the first tea to have Fairtrade certification in the United Kingdom. Following the lead of ethical brands (for instance, Cafédirect, Clipper and Traidcraft), several major retailers (for instance, the Co-operative, Marks & Spencer, Sainsbury's and Waitrose) are now sourcing all of their own private-label teas on Fairtrade terms (The Guardian, 2015). In 2014, however, sales of British Fairtrade tea decreased by 1%, reflecting the reluctance of consumers to pay more, given the less expensive alternatives offered by retail chains as Aldi and Lidl (The Guardian, 2015).

Tip:

- Make sure you are familiar with the supply chain of the tea you export. Note that a transparent supply chain is more important when exporting to the European Union than for most other markets. European buyers ask for traceability.

New materials and shapes for tea bags

The well-known traditional teabags made of filter paper are now often being replaced by staple-less bags made commercially compostable or certified biodegradable materials. Pyramid-shaped teabags have also become more popular, as they allow more room for whole-leaf tea to expand, thereby yielding a better, more flavourful brew.

Tip:

- Exporters of specialty teas in consumer packaging should consider using these innovative bags (see also this article about different shapes of teabags).

Intensely competitive market

The British market is a mature market, highly competitive and prices tend to be very low. The supermarket price wars add to the focus on low purchase prices, and prices are still dropping. Moreover, in the last decades there has been an over-supply of tea. Demand has not matched supply, making it difficult for producers to obtain a higher price. In general, the average British consumer looks at origin, packaging and price.

Tips:

- World trade for bulk tea grades is dominated by the tea auctions in Mombasa, Colombo, Jakarta, Limbe, Kolkata, Cochin.
- Stay up-to-date on the current developments in the tea sector in terms of production, imports and exports, both in quantities and values. Refer for example to the (paid) Statistical Research Services of the International Tea Committee and your own Tea Board.
- Monitor prices at the main tea auctions.
- For more information on trends in the tea market, refer to our study on trends in tea on the European market.

What do the trade channels and interesting market segments look like in the United Kingdom for tea?

Tea is either traded through auctions or through private sales. Producers such as China, Vietnam and Argentina sell their teas via private sales. Other producing countries such as Kenya, Sri Lanka, Indonesia and India have an auction system in place. Understanding the total tea value chain may help exporters to estimate their risks and opportunities and adapt their marketing strategy accordingly.

Multinational companies remain dominant in the British market

The international tea trade is largely in the hands of multinational plantation companies like Finlays and McLeod Russel and multinational companies (MNC) with British and Dutch roots, for example, Unilever and Jacobs Douwe Egberts.

With regard to tea companies, there were two frontrunners in 2014, with Unilever Foods UK Ltd (value share: 19%) just losing out to Tetley GB Ltd (value share: 20%). These two companies, which own the Lipton and PG Tips (Unilever) and Tetley (Tata Global Beverages) brands, are present as staples in the cupboards of most households within the United Kingdom. This is due to their widespread brand recognition and large loyalty bases. Other British tea companies that have a good reputation both at home and abroad are Twinings, Typhoo and Yorkshire.

Tip:

- Large buyers are in a good position to help you with access to financing. Also look for other forms of finance such as grants and funds. A large contributor to tea projects in developing countries is the Common Fund for Commodities.
- Read our study on market channels and segments for tea in Europe for additional information.

Since 2014, over 80% of the tea has been sold in supermarkets. There has not been an increase of speciality stores in the United Kingdom, even though the speciality tea market has grown. These teas are sold by the common brands in supermarkets and British consumers tend to stick to their familiar brands. Speciality teas are sometimes bought online.

Tip:

- As retail sales are highly concentrated, the demand for bulk tea is high. As a result, the top processors and buyers control most of this market segment.

The British food retail market is highly concentrated. The top three retailers (Tesco, Asda (Walmart) and Sainsbury's) have a market share of more than 60%. The discounters Aldi and Lidl control more than 10% of the grocery market (The Guardian, 2015).

Tip:

- Smaller (sustainable) brands often strive for long-term relationships with their suppliers, outside the auction system.

Tea is mainly consumed at home. The out of home market is small with a 14% share of all tea consumption (British tea and infusions association). Currently, tea accounts for 27% of all away-from-home hot beverage servings, compared to 31.5% in 2010. Tea rooms have their own branded tea. They sell their private labels and pack their own brands. In the out of home market, the quality can be poor, outside the (specialised) tea rooms. British consumers like to control the quality and method of brewing.

Tip:

- For British buyers, especially larger ones, good supply chain management is important. Smallholder suppliers of tea are advised to integrate information technology and share and offer flexibility in their supply chain management. Read more about these practices in a case study for Kenya.

Useful sources

- British tea and infusions association - http://www.tea.co.uk - independent non-profit making body to promote tea and herbal infusions
- Food and Drink Federation - http://www.fdf.org.uk - the voice of the British food and drink industry
- International Tea Committee - http://inttea.com - non-profit provider of global tea statistics (based in United Kingdom)
- Tea 2030 - http://tea2030.tumblr.com – global collaboration from leading stakeholders across the tea value chain
- Organic Farming in Europe - http://ec.europa.eu/agriculture/organic
- Fairtrade Labelling Organisations International (FLO) - http://www.fairtrade.net
- UTZ Certified - http://www.utzcertified.org
- Rainforest Alliance - http://www.rainforest-alliance.org
- Ethical Tea Partnership - http://www.ethicalteapartnership.org - non-governmental organisation (NGO) supporting farmers in sustainable farming and trade
- The Sustainable Trade Initiative - www.idhsustainabletrade.com/tea - Major tea brands and packers join forces for sustainable tea sourcing & trade
- Information on packaging can be found at the website of the International Trade Centre on export packaging: http://www.intracen.org/itc/exporters/packaging