

Which trends offer opportunities on the European tea market?

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European tea consumers are increasingly looking for high value specialty teas. They want a unique and authentic experience when drinking tea, and are more knowledgeable about tea varieties and origin. Young consumers are also increasingly searching for innovations and healthy teas, which offers opportunities for producers of unique tea blends, flavours, and ready-to-drink teas. As sustainability remains a relevant issue in the European tea market, so do certifications and transparency in tea trade.

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1. Premiumisation trend in the tea market

Instead of drinking pots of tea, European tea consumers are increasingly choosing to drink an individual cup of high quality tea. They are looking for more depth in [tea flavour and a luxurious/authentic experience](#) when drinking tea, and they cannot find this in the mainstream market segments.

Consumers are willing to spend more on the teas they consume. This is leading towards a premiumisation of the tea market. Premiumisation is the shift towards more expensive, high quality (premium) products.

Teas that are becoming more important as a premium product are:

- green teas;
- black tea fusions (black tea with herbs/fruit);
- fruit/herbal teas;
- ready-to-drink teas (RTD).

Several supermarkets with large brands are developing higher quality teas. For example, in response to a growing consumer demand for [high quality teas in the United Kingdom](#), [Tata Global Beverages](#) brought [Teapigs](#) on the British market. It is currently the leading premium tea brand in the United Kingdom and available in large retail chains such as [Tesco](#) and [Sainsbury's](#).

Tips:

- Make sure you understand your specific target market, as not every European tea market experiences the premiumisation trend to the same extent. See our studies on [trade statistics](#), [market channels and segments](#), [competition](#) and [specific European tea markets](#) for help in analysing your target markets.

2. Specialty teas are becoming increasingly popular



“Although so far a small niche in the tea market (experts estimate: 5%), specialty tea is becoming very trendy in Europe. The search for individual, gourmet quality tea follows the same path coffee has travelled. Tea will become very fashionable for young people.”

Joost Pierrot – CBI tea consultant

The demand for high quality tea also leads to an [increasing popularity of specialty tea](#) among tea consumers in Europe. This is a rapidly growing market segment. In the specialty tea segment, highly dedicated consumers want to know about different tea varieties, their origin and proper brewing techniques.

These high quality and specialty teas are predominantly found in specialty tea shops/retailers and in high-end restaurants, hotels and coffee cafés. Specialist retailers have been able to cater to these demands very well. By providing a wide variety of tea origins and flavours, unusual combinations and the ability to customise teas, they have been able to appeal to younger consumers.

Tips:

- When you supply specialty tea to the European market, make sure you have all relevant information and marketing tools readily available. For example, an elaborate story about your tea garden, your tea variety or brewing techniques.
- If you produce a specialty tea, look for a distributor or packer specialised in this market segment. Check Tea and Herbal Infusions Europe for its [Member Organisations](#) (national tea associations) or check the [Tea Trade Directory](#) of the International Tea Committee. Once you have selected an association or company, contact them for further details.
- If you can produce a high quality/specialty tea, try to market it to specialty tea shops and/or their suppliers. These are the most common places for consumers to buy specialty tea.

3. Brewing sophistication in high-end market segment

As consumers become more interested in high quality tea, and more knowledgeable about tea, they want to brew their tea in a more sophisticated manner. They buy better quality teas and start paying attention to brewing techniques. For example, consumers monitor brewing time, have learned that some tea needs to be brewed in water below 100 degrees, and that water quality has an influence on the quality of the brew. To this end, trendy tea pots and kettles that have been designed specifically for brewing leaf tea and that control the temperature of the water are coming to the market.

Figure 1: Different types of innovative tea brewing for consumers



Source: [Escapecrate](#), [Netted](#) & [Amazon.co.uk](#)

Tips:

- If you produce a high quality or specialty tea, indicate specific brewing advice techniques for your tea to your buyers.
- If you pack your own specialty tea for the consumer market, include brewing tips on your packaging. Tea consumers in the high-end market segment will appreciate directions for brewing the “perfect” cup of tea.

4. Consumers are looking for convenience

Consumers are looking for [more convenient ways](#) of preparing their teas. The tea industry is responding to this trend in various ways:

- Fast and convenient alternatives to the regular tea bag have been developed. Examples include [tea bags](#) which leave more room for tea leaves to expand and give flavour, and [tea sticks](#).
- Coffee machines that can also brew tea with tea sachets or capsules are used more and more.
- Instant teas or ready-to-drink (RTD) teas have become [more popular](#). These teas are mostly purchased by younger consumers as a healthier alternative to soda.

Figure 2: Different types of consumer packaging that make tea preparation easier



Source: [Ronnefeldt](#) & [T-sticks United Kingdom](#) & [Paulig Group](#)

Tips:

- Talk to your buyer(s) for more information on specific convenience trends in your target market. Determine if and how you can respond to these trends.
- Be flexible in the tea grades you can deliver to your buyer(s). Different packaging options (tea bags, sticks or capsules) might require various grades of tea.

5. Innovations and experimental flavours in tea

Millennials and younger consumers in Europe are looking for experimental teas that offer unique flavours. As a result, the tea industry is continuously searching for new flavours and innovations to meet the demands of these consumers. Specialist retailers have been able to offer a diverse range of variety and flavours. In some cases, they offer consumers the opportunity to customise their own blends. This has been well received by European tea consumers.

Inspired by the success of the specialist retailers, large tea packers have also introduced innovations to meet the growing demand for experimental teas and new flavours. However, these innovations are often limited to new types of packaging and the introduction of herbal/fruit infusions.

Tips:

- Talk to your buyer about popular new flavours and blends in your target market. See if and how you are able to meet changing demands.
- If your tea has a distinct taste, or if you supply a unique blend, market it to specialist retailers. These are generally more receptive towards new teas.

6. Growing health awareness among tea consumers



“Consumers are paying more attention to the health effects of their food, and worry about the chemicals in their food. Pay attention to the residues of agrochemicals in your tea, since the European authorities have set strict limits. If your tea does not comply with requirements it has to be withdrawn from the market.”

Jesse Bloemendaal, ProFound – Advisers In Development

Tea is generally perceived as a healthier drink than soda or coffee. This has resulted in an increasing [demand for green, herbal and fruit teas](#) in the European tea markets.

Consumers believe that green tea helps with:

- [losing weight](#);
- [boosting immune systems](#);
- [aiding digestion](#).

This is boosting the demand for green tea. However, companies can only make health claims on their packaging which have been approved by the European Union. So far, no health claims for consumer packaging have been authorised for tea. Instead, tea packers emphasise that their teas are low in calories and contain natural ingredients.

Tips:

- Make sure you have a good understanding of what ingredients are used for speciality teas if you consider entering the European market. The health awareness trend may offer new opportunities for selling green teas infused with specific fruits, herbs or spice ingredients. In some cases, you will have to acquire new ingredients and will therefore have to use different supply chains.
- Check the [European Union Register of nutrition and health claims](#) made on foods for more information.
- See our study on [buyer requirements for natural ingredients for health products](#) for additional information on health claims. You can also contact the European Food Safety Authority ([EFSA](#)) for further information.
- Please read our study on [trade statistics on the European tea market](#) for more information.

7. Persisting demand for traceability in tea trade

Demand for traceability in the tea trade is growing. This comes from both tea consumers and the industry. Major drivers for this trend include:

- the need for consumer safety;
- consumer's health concerns;
- social and environmental concerns related to tea production;
- pressure on tea prices.

Traceability is quite easily managed in the tea sector. The sector is relatively well organised and does not encompass too many players.

To improve traceability, tea packers/retailers increasingly trade directly with tea gardens instead of going through a tea auction. By doing so, tea buyers can better control the quality of the tea. It also gives both the tea buyer and tea seller a greater control over prices.

Over the last few years, many small players have entered the market, often selling through the Internet. These players sell directly from tea gardens to tea consumers. An example of this is the [Tealet](#) network, which is an online platform where consumers can buy their tea directly from family farms and independent cooperatives in eight different countries.

Tips:

- Make sure you comply with food-safety management systems (such as [Hazard Analysis and Critical Control Point \(HACCP\)](#), [British Retail Consortium \(BRC\)](#) or [International Featured Standards \(IFS\)](#)) or sustainability standards ([Rainforest Alliance](#), [UTZ Certified](#), [Fairtrade](#) or organic – often required by buyers). This will automatically imply a certain extent of transparency and traceability.
- Use the traceability of your tea as a marketing tool (for the higher segment) if you include the origin of your product in the story about your tea.

8. Sustainability commitments of large tea packers push the sustainable tea market

Sustainability is becoming an important topic in the European food and beverage sector. In the tea industry, this has mainly been driven by commitments from the largest European tea companies. Examples are:

- [Unilever](#)'s commitment is focused on sustainable tea farming, investing in sustainable tea and scaling up sustainable tea production through partnerships.
- [Tata](#) has a page on their website about their commitment to sustainability in general. In addition, in 2014, Total Global Beverages announced its plans for [100% sustainable sourcing by 2020](#).
- [Finlays](#) has an extensive page on sustainability. They have set sustainability priorities in their work and work together with several certification standards, such as Fairtrade, organic and Rainforest Alliance.
- [Van Rees](#)'s commitment to sustainability states three priorities: a safe and healthy cup of tea, reducing the environmental footprint and value from crop to cup.
- [Jacobs Douwe Egberts](#) has several pages on their website about sustainability. They focus on sustainability all through the supply chain.
- [Apeejay Group](#) discusses the sustainability initiatives of its tea companies on its website.

Tips:

- Browse the website of the [Sustainable Trade Initiative](#) and their specific page on [sustainable tea](#) for

more information.

- Check the websites of the tea companies specified above to learn more about their specific commitments to sustainability. This information can help you to learn about which sustainability points you should focus on when producing and selling your tea.
- Read our study on [buyer requirements](#) to learn more about specific requirements for sustainable tea.

9. Certified tea is becoming more important

As a result of the increasing demand for sustainable tea, the market share of teas with a sustainability certification is growing. Certified tea sales have been growing rapidly over the last few years. Between 2009 and 2012, sales grew by 49% annually, reaching 174 thousand tonnes in 2012. These certified teas include tea with mainstream certificates (such as [Rainforest Alliance](#) and [UTZ](#)) and niche market certificates (such as [organic](#) and [Fairtrade](#)):

- **UTZ:** the main European markets for [UTZ-certified](#) tea are the Netherlands, Germany, the United Kingdom and Switzerland.
- **Rainforest Alliance:** the United Kingdom, the Netherlands and Germany sell most of the [Rainforest Alliance](#) certified tea in Europe.
- **Fairtrade:** in 2015, the worldwide market for tea certified by [Fairtrade International](#) increased by +3%, amounting to 12 thousand tonnes. 71% of Fairtrade-certified tea is also organic certified. The United Kingdom is the largest market for Fairtrade.
- **Organic:** the market for organic food products is growing fast, especially in Sweden (+39% in 2014), Denmark (+8.3%) and Germany (+10%).

Tips:

- Consult your buyers about their preferred sustainability certificates. Mainstream certification is becoming a “must” in the European tea market. Compliance with at least Rainforest Alliance and/or UTZ Certified is necessary to supply the major tea packers.
- Consider organic certification for your higher quality teas to benefit from the growing organic market in Europe.
- Please read our study on [certified tea](#) for more information about sustainability in the European tea market.

10. Climate change is a threat to tea production

Tea production depends on specific and consistent climatic conditions. Climate change can be a significant threat to tea production, as its consequences can be devastating.

To secure long-term tea supply, several climate mitigation and adaptation activities can be introduced on farms. Native trees, for example, could be planted along farm boundaries to store carbon, increase soil fertility and stabilise the tea microclimate; this reduces vulnerability to landslides, heavy rains and prolonged droughts.

For example, there is particular concern over tea production and the effects of climate change in Kenya. The country is a large producer of tea. Kenyan tea producers are already [facing irregular rainfalls, a higher rate of periods with frost and increasing temperatures that heavily affect the productivity levels](#).

Tips:


- For more information on what you can do to mitigate the effects of climate change on your tea

production, read [this report](#) published by The International Tea Committee.


- See the website of [Tea and Climate](#) for more detailed information about the influences of climate change on tea production. This is a research project between the University of Southampton and the Tea Research Association. The project investigated the impacts of climate change on tea production in North-East India.

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