




# Growth in Specialty Tea

Joe Simrany, President  
Tea Association of the USA, Inc.  
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# The North American Tea Market is Amongst the Most Diverse in the World

- 85% of Tea in the USA is consumed over ice
- As a result of that as well as the popularity of instant tea and herbal tea, it is generally assumed that USA tea consumers do not have an appreciation for “real” tea



# USA Market is Exciting

- Market is Vibrant & one of the few in the world where tea sales are growing
- The market forces in place are strong and long term
- The health message will drive increased consumption for many years to come

# Current Conditions in the USA



- Unemployment is still hovering around 10%
- Some major metropolitan areas already far exceed this number
- Major corporations are close to bankruptcy
- Banks & other lenders are afraid to lend
- Real Estate values are stagnant
- Consumers are afraid to buy
- Baby Boomer retirement plans are on hold
- Discretionary spending is down for upscale items

# There is Hope on the Horizon

- Specialty Tea is **down but not out**
- Regular Tea is **flat**
- Union contracts are being rewritten
- Consumers are seeking value
- Stock Market is starting to show gains
- Real Estate is stabilizing
- Tea remains solidly positioned for growth





# Tea Imports into the USA in 2009

- The USA imported over 241 million pounds of tea in 2007
- The USA imported almost 249 million pounds or nearly 113 million Kg in 2009
- This makes the USA the seventh largest consumer of tea after China, India, Russian Federation, Turkey, Japan, and the United Kingdom

# Tea Imports – USA Kg(000)

YEAR	BLACK	GREEN	TOTAL	% CHG.
2002	84,156	9,295	93,451	
2003	82,132	12,054	94,186	+1.0
2004	87,717	11,767	99,484	+5.6
2005	85,927	14,139	100,065	+1.0
2006	89,098	18,474	107,572	+7.5
2007	91,159	18,237	109,396	+1.7
2008	99,905	16,845	116,750	+6.7
2009	95,625	17,245	112,870	-3.4



# Tea Imports into the USA (Kilos)

	1996-1998	2007-2009	% Inc/ dec
Black Tea	85,875,288	95,561,500	11.3
Green Tea	5,424,207	16,773,100	209.2
Total Tea	91,299,495	112,354,600	23.1



# Size of the Tea Market in U.S.

## ■ 1990 \$Value by Type

- Trad. \$0.87 Billion
- RTD 0.20 “
- Fd Srv 0.50 “
- Special 0.27
- Total \$1.84 Billion

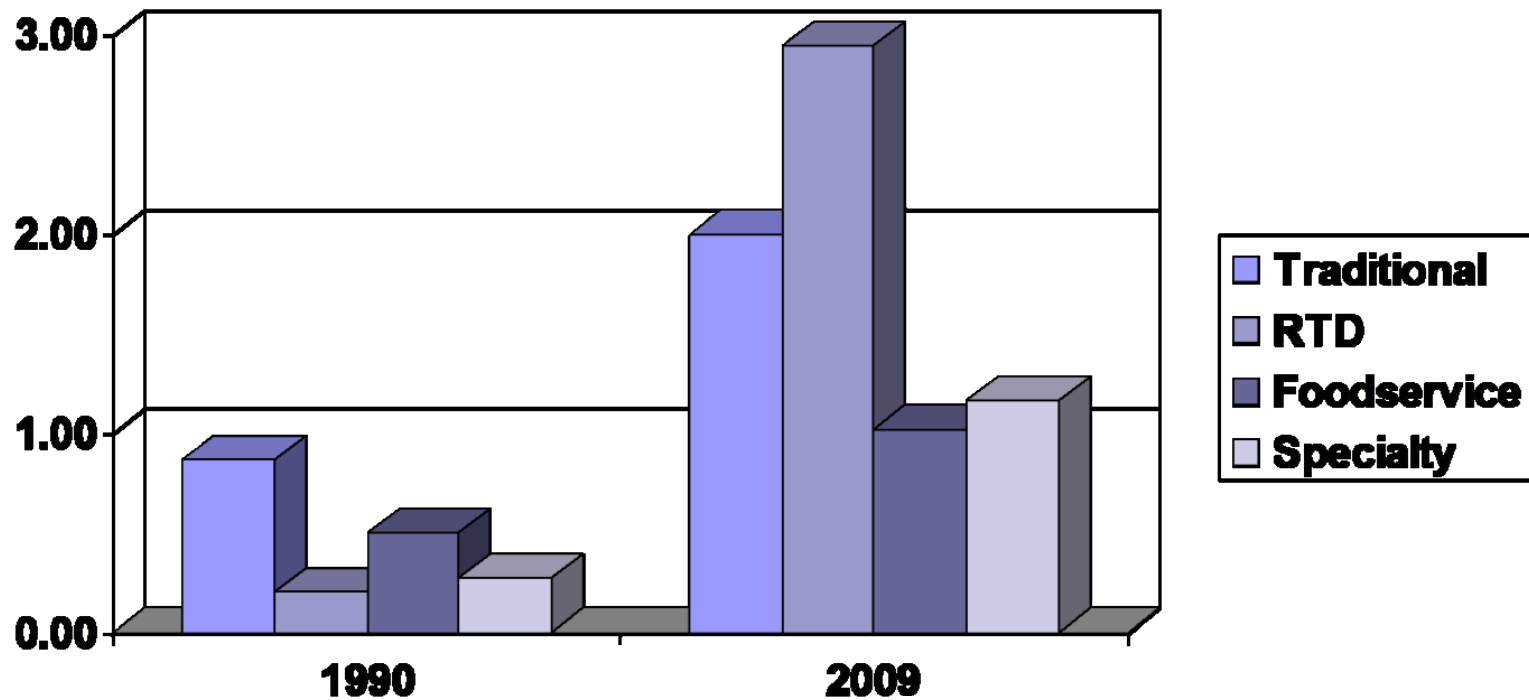
□ Green \$20 Million

## ■ 2009 \$Value by Type

- Trad. \$2.05 Billion
- RTD 3.05
- Fd Srv 1.00
- Special 1.20
- Total \$7.30 Billion

□ Green \$1.5 Billion

# Change in Tea Consumption by Revenue & Segment

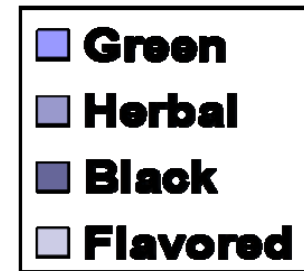
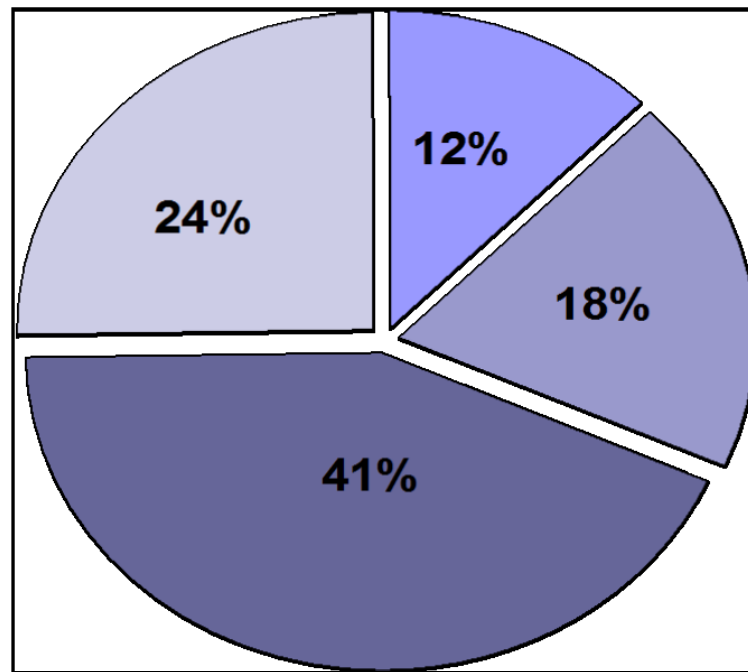




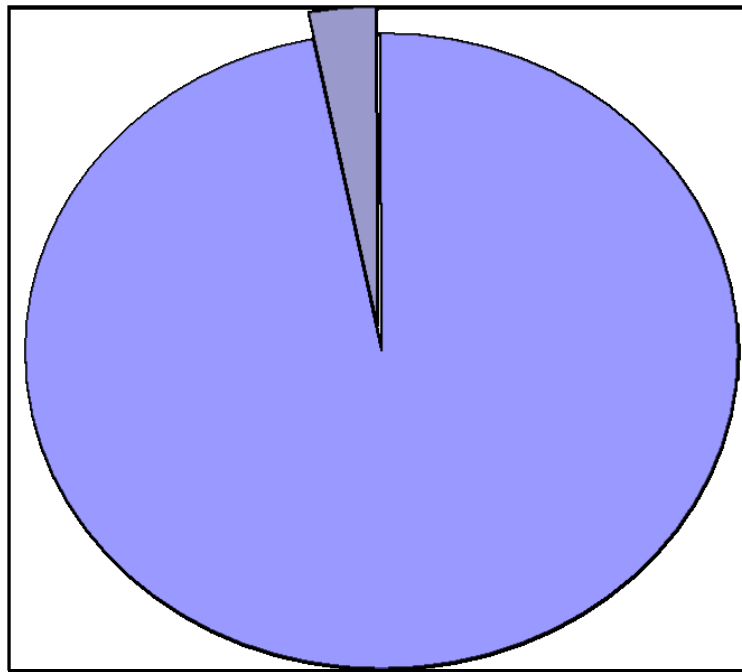
# Tea Sales (\$) Forecast to Double over Next 5 Years

- A reputable market research firm (Packaged Facts) has forecast that the Dollar value of tea in the United States will move from over \$7.3 Billion in 2009 to nearly \$15 billion by the end of 2014!
- Green Tea is growing at a much higher rate than Black Tea; up over 200% in Kgs. Over the last ten years

# % Population Drinking Specialty Tea



# % Population Drinking Specialty Estate Teas





# Positive Trends for Tea

- Growing number of scientific studies suggesting tea plays a role in the inhibition of many chronic human diseases
- Widespread acceptance by the scientific and medical communities that tea is a healthy beverage
- Widespread awareness by the media that tea is proven to be a healthy beverage



# Positive Trends for Tea

- Tea enjoys positive imagery regarding its contributions to health versus alternative beverages
- Tea appeals to the individuality of consumers
- RTD teas continue to appeal to the demand for convenience and availability



# Positive Trends for Specialty Tea

- Growing awareness of the health benefits of tea appeals to a growing segment of the population
- Consumer demand for “Specialty” products
- “Exotic” nature of tea appeals to consumers desire to experience other cultures
- Versatility of tea satisfies many demands



# Positive Trends for Specialty Tea

- High profitability potential attracts entrepreneurs
- Increasing preparation options encourages greater foodservice utilization
- Trend towards natural foods favors tea in general and organic tea specifically
- Emerging Tea “Salons” are making Specialty Tea more available



# Current Trends in Specialty Tea

- Shifting Demographics
  - Younger
  - More Affluent
  - More Educated
  - Health Conscious
  - Socially Responsible



# Current Trends in Specialty Tea

Social Responsibility Will Become  
Increasingly Important!

Fair Trade

ETP

Rain Forest

Utz

Code of Conduct

# Current Trends in Specialty Tea

- Teabags are back in vogue!
  - Once considered the antithesis of Specialty Tea Lovers, the lowly teabag is making a come-back in new and unusual forms





# Current Trends in Specialty Tea

- First came Iced Tea then came Frozen Tea
  - Tea Latte's blended with fruits and herbs and even chocolate are the latest rage

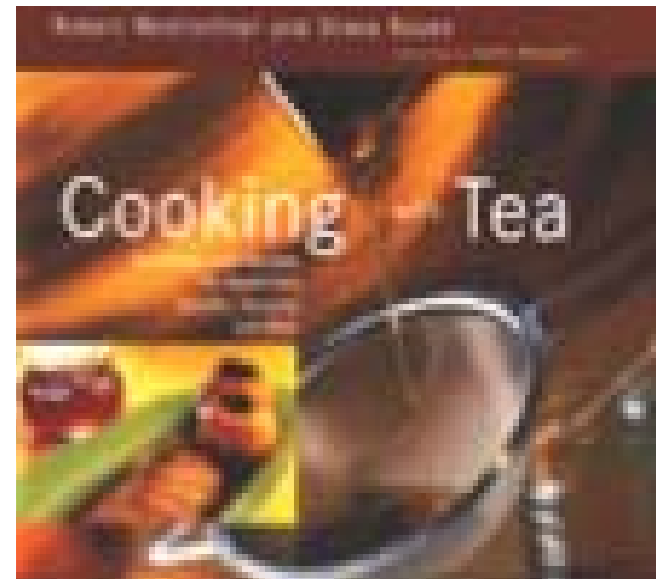
# Current Trends in Specialty Tea

- Flavored Teas are becoming hot and cold



# Current Trends in Specialty Tea

- Cooking with Tea
  - Tea Infusions
  - Ground Tea
  - As a Decorative Element



# Current Trends in Specialty Tea



- Tea Rooms are not just doilies & lace!

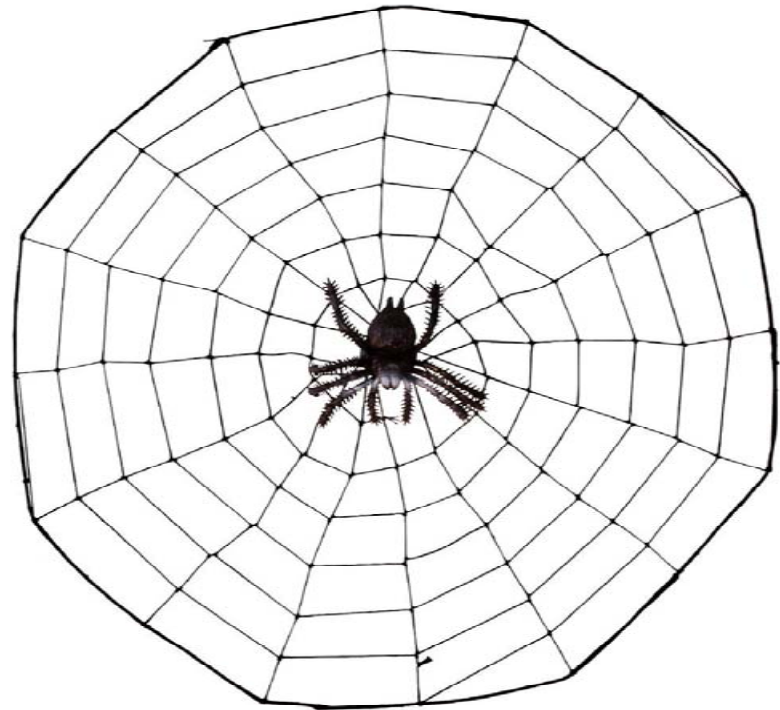


# Current Trends in Specialty Tea

- Have you Discovered Estate Teas?
  - First came single origin
  - Next was regional
  - Then came seasonal
  - Estates Teas have tremendous sales & profit potential

# Current Trends in Specialty Tea

- If you're not on the web you are doing something wrong!





# Current trends in Specialty Tea

- RTD Teas are the Wave of the Future!



# Current Trends in Specialty Tea

- Alternative Uses for Tea Continue to Grow
  - Cosmetics
  - Nutritional Supplements
  - Energy Drinks
  - Concentrates
  - As an Ingredient
    - Chocolate, chewing gum, cooking
  - Health & Beauty Aids
    - Soaps, tooth paste, body creams
  - Alcoholic Beverages
  - Energy Drinks



# Current Trends in Specialty Tea

- New Steeping Equipment will flood onto the market
  - Commercial Applications
  - Consumer Applications



# Current Trends in Specialty Tea

- Tea Education will be a hot commodity
  - From a trade stand-point
  - From a consumer stand-point



# Current Trends in Specialty Tea

- Promotional Ideas will Continue to Surface
  - Tea Tastings
  - Tea Tutorials
  - Tea Holidays
  - Charitable Teas
  - Crazy Teas (Bubble Tea, Create your own Blend, Fund raising teas)
  - Limited Edition Teas
  - Healthy Teas
  - Tea Leaf Readings
  - Tea Auctions

# Specialty Tea Trends



- Fastest growing segment in the industry
- Ten fold increase in the number of tea rooms from 200 to 2400 over last decade
- Most coffee houses now offering specialty tea
- Tremendous profit potential attracting entrepreneurs and stimulating producing country interest

# Developments to Watch



## ■ Specialty Tea

- Rapid expansion of tea outlets
- Emergence of 1 or 2 National operators
- Increased Producing Country involvement in marketing (Tata & Tea Boards)
- Greater availability of Estate Teas



# Prospects for Future Growth

- Traditional Tea is expected to realize annual growth in the 2-3% range
- RTD Tea will continue to experience robust growth in the range of 5-10% annually
- Foodservice Tea will experience annual growth in the low to middle single digits
- Long term, Specialty Tea will become the fastest growing segment with annual increases in the 10-20% range



# Tea & Health Strategy

- Sales results from focusing on the health benefits of tea have exceeded our most optimistic expectations
- Consumers already believe tea is healthy and their perceptions are reinforced by scientific studies
- Long term trend in the USA is to eat and drink healthier foods & beverages



# Green Tea Sales Prove Health Strategy is Working

- Green Tea has moved from 3% of total imports 15 years ago to over 17% of total imports in 2009
- This is an increase of over 500%
- The increase in popularity is almost entirely due to the association with health benefits



# Black Tea Will Benefit Next

- As more scientific information emerges regarding the health benefits of Black Tea, it is entirely possible that it too will surge in popularity



# Future Health Plans

- The Tea Council of the USA remains committed to the health message
- A Scientific Symposium was recently held in Washington DC and funds are being set aside to conduct Forums every 5 to 7 years
- The Tea Council of the USA is grateful to its Producing Country members (India, Kenya, Malawi, & Sri Lanka) whose generous contributions make these kinds of events possible



# Promotional Strategy

- Target Key Consumer Segments
  - Tea Drinking consumers, primarily women who get their news from traditional & digital media
  - Young female & male students and professionals ages 22-35 who get their news primarily from internet sites, blogger and vlogger



# Key Tea Messages

- Tea provides certain health benefits
- Great tasting, calorie free part of a healthy diet
- All types of *Camellia sinensis* tea have similar benefits
- Tea contains antioxidants (flavonoids) which are believed to be health-protective
- Tea contains theanine that could build the immune system
- Research supports the potential health benefits from drinking 2-4 cups of tea daily



# Outreach to Young Consumers

- Rebrand successful Calm-A-Sutra contest
  - Take a Sip of Success with Tea
  - Young professionals are given a chance to develop business skills, pursue a career and experience the wonderful world of delicious, good-for-you tea
- Rationale
  - Recession is winding down but unemployment is still high & it's a dismal market for recent college graduates
- Tactic
  - Create a contest inviting young people to submit a video about why we should “hire” them.



# The Prize

- The winning entry will embark on a series of internships domestically and, if available, internationally with Tea Producing Country members of the Tea Council of the USA.
- The winner will be given a camera to enable us to generate a constant flow of publicity about their experiences

Shortcut to CD Drive Ink

# Sip of Success Contest



TEA

A woman with long dark hair, wearing a dark top, is shown from the chest up. She is looking directly at the camera with a slight smile. Her right hand is held palm up, and the word "TEA" is written in a bright orange, hand-drawn font on her palm. The background is plain white.