



A taste for tea

A healthy profile and exciting new flavours are keeping tea sales simmering

Discovered by accident nearly 5,000 years ago, tea remains one of the most popular beverages in the world and tea sales are booming. And why not? After all, tea is affordable, refreshing, relaxing and delicious whether served hot or cold. But, perhaps even more significant to today's consumers is ongoing evidence extolling tea's considerable health properties. With so many positive attributes, it's no wonder that consumption is on the rise and retailers are seeing more action in the tea aisle.



POSITIVE SALES
TRENDS IN TEA

The amount of tea Canadians drink on an annual basis has more than doubled over the past couple of decades. According to Statistics Canada's Food Statistics—2008, Canadians aged 15 years and older consumed 79.4 litres of tea last year, a jump from 36 litres per person in 1991. Today, per capita tea consumption has surpassed soft drinks (73.15 litres) and bottled water (77.22 litres). Only coffee's consumption rate is higher at 86.88 litres per person, but that number declined slightly from the previous year. Meanwhile, tea rose from 72.58 litres per person in 2007.

"There are several reasons why tea is gaining share compared to other beverages," says Louise Roberge, president, the Tea Association of Canada (TAC). "Canadians still love their traditional black tea, but we are more adventurous compared to the U.K. where black tea is most popular and in the U.S. where people prefer tea cold. Globally, tea is the second beverage after water and many people coming to Canada bring their tea traditions with them."

Foodservice trends tracked by The NPD Group also show rising consumption, says Robert Carter, senior account manager. It's happening in all dayparts—breakfast, lunch, dinner and with the evening snack. In fact, consumption in the evening is rising the fastest, showing a 13% gain last year.

The positive spin for grocers is that all this tea drinking is boosting tea sales and opening up opportunities to sell even more tea. Canadian retailers sold nearly \$200 million worth of tea bags last year (Nielsen, national sales data for all channel sales for the week ending July 4, 2009). Instant tea added another \$50.7 million. And sales across most segments kept up a comfortable pace. The overall tea bag category grew 6% in dollars but fell 1% in units, a discrepancy that indicates higher prices.

While regular tea regained dollar strength last year, growing 3% to \$91.5 million, the category star is specialty tea, which rose 8% to reach \$102.7 million in all channel sales. The specialty segment's buoyancy is supported by impressive performance in several subsegments, particularly green

tea, and consumer interest is being driven by innovation in flavours, packaging and information, says Ron Sadler, TAC chair and managing director for Twinings of Canada.

Growth in specialty black tea, worth about \$26.4 million in all channel sales, slowed slightly last year. Meanwhile,

oxidized, oolong has a flavour profile half way between green and black, and Sadler expects it to become the next sub-category with flavouring. In the meantime, white tea is "still on fire" and now comes in flavours such as blueberry and pomegranate.

As chai consumers, predominantly female, become more familiar with the tea, they seek an even greater jolt of flavour and manufacturers are now launching new spicier versions.

specialty green tea rose 15% to reach nearly \$34.9 million. Dollar sales of herbal red specialty tea (rooibos), still a tiny sub-segment worth only \$3.1 million, soared by 46% last year. Another small sub-segment, white tea, enjoyed spectacular 96% dollar growth the previous year but sales grew only 10% last year, reaching nearly \$2.8 million.

Although traditional orange pekoe tea remains a favourite, research shows that consumers also want the zip of flavours such as lemon, orange and pomegranate. That's not to say they aren't drinking regular black tea anymore, says Sadler, explaining that consumers may drink black tea in the morning and late afternoon but want flavoured tea in between.

Flavour is what's adding excitement to grocery shelves as manufacturers introduce a flurry of new value-added products. Ongoing interest in green tea, partly inspired by the perception that green tea has more antioxidants than black tea, continues to add vigour to that segment. Manufacturers are pushing even harder by adding flavours such as a mint and citrus. Cold green tea options, including ready-to-drink and concentrated powders and liquids to mix with water, are also exploiting the health angle.

Another rising trend, Sadler adds, is chai tea. "Recent research shows that consumers either love it or hate it but those who like it tend to become 'addicted' to the taste." As chai consumers, predominantly female, become more familiar with the tea, they seek an even greater jolt of flavour and manufacturers are now launching new spicier versions.

While black and green tea, by far, dominate the current market, interest in oolong tea is on the rise. Only partly

STRONG HEALTH ANGLE

Although the availability of new tastes and formats in both hot and cold tea is helping to draw consumer interest, the biggest driver is heightened awareness of the link between tea, antioxidants and health. This year's Nielsen *PanelTrack* survey found that awareness of the health benefits of tea rose from 71% in 2007 to 79% in 2009. As well, 65% of respondents understood that tea acts as an antioxidant—that's up from 45% in 2007.

The primary health benefit of tea comes from the abundance of naturally-occurring flavonoids, potent antioxidants thought to protect against chronic disease. "There is very compelling scientific evidence that tea drinking – both black and green tea—helps to reduce the risk of heart disease and stroke, as well as diminishing the risk of some cancers," says Lucia Weiler, a Toronto-based nutrition communications consultant. "Tea consumption is also linked to lower risk of dementia such as Alzheimer's and Parkinson's disease."

After reviewing evidence that supports tea as a healthy beverage, Health Canada's Food Directorate has accepted green tea as a source of antioxidants. The Food Directorate has also agreed that in the new version of its *Guide to Food Labelling*, green tea can make a biological role claim such as "for the maintenance of good health." What this means is green tea is the first food in Canada to be formally recognized by Health Canada as a proven antioxidant.

"Health Canada looked at green tea and made a decision based on science," says Roberge. "Green tea is the only food that can legally make the approved health claim for antioxidants and that helps educate consumers about the health benefits of drinking tea."

Types of tea

The more than 1,500 varieties of tea available worldwide all come from the *Camellia sinensis* plant. Tea is subdivided into four types based on the way the fresh tea leaves are processed and exposed to oxygen. During oxidation, the tea leaves experience natural chemical reactions that result in distinctive taste and colour characteristics. The four basic tea types include:

Black Tea—Commonly found in tea bags, North Americans are most familiar with black tea, which is made from fully oxidized leaves that produce a hearty deep rich flavour in a coloured amber brew. Varieties include: Darjeeling and Earl Grey and blends such as English Breakfast.

Green Tea—Rather than being oxidized, green tea is withered, immediately steamed or heated to prevent oxidation and then rolled and dried. It has a delicate taste, light green colour and is very refreshing. Varieties include: Gunpowder, Dragon Well, Jasmine and Sencha.

Oolong Tea—The partly oxidized leaves give this tea the taste and colour qualities of black and green tea. It's extremely flavourful and is consumed without milk or sugar. Varieties include: Formosa Oolong, Formosa Pouchong and Black Dragon.

White Tea—White tea is made entirely from leaf buds that are picked before they open and are withered, then dried at lower temperatures. Unrolled and unoxidized, this tea has a mild flavour and natural sweetness.



Weiler suggests that grocers help promote the health benefits of tea with in-store signage, information on flyers and websites, and by conducting nutritionist-led store tours. “Although it is tricky to make health claims at the store level, retailers could provide links to the TAC website where consumers can read more about the health benefits.”

MERCHANDISING
both a challenge
and an opportunity

A category overflowing with new products can be confusing for consumers and challenging for retailers who must keep up with trends and create consumer-friendly shelf displays.

More retailers are doing a good job

with their yearly re-fresh of the tea section, says Sadler. “They’ve been paying more attention to it over the past couple of years because the category is showing explosive growth. It’s important to keep on top of what’s working and what’s new because consumers are always looking for what’s new. Despite generally having three or four boxes of different types of tea in their cupboard, consumers will keep coming back to the tea aisle if you can keep them interested.”

Retailers could do a better job helping to educate consumers, however. Although packaging typically provides product information, consumers would likely be more receptive to information coming from the store or the industry.

“They want to be educated, but that doesn’t mean they want to read the labels on six or seven boxes of tea,” Sadler explains. “Retailers could ask their suppliers to help them come up with a concept to educate consumers in the aisle.”

Grocers should also keep in mind that consumers shopping the tea aisle are not likely that concerned about price. According to the latest Nielsen *PanelTrack* survey, the number one attribute when buying tea is type of tea, followed by flavour, brand and then price. “This shows an opportunity to communicate to consumers and focus on other aspects of tea to meet consumer needs,” says George Roith, senior business manager, The Nielsen Company.

Tea and food pairings

Most people are familiar with the concept of food and wine pairing and now they're getting into the idea of matching tea with different types of food as an adjunct to a meal, says Bill Kamula, a chef instructor who teaches a tea sommelier course at George Brown College in Toronto. "Many aspects of tea and food complement each other and the key is to not accentuate the same elements."

Based on an old British tradition, Canadians often pair fully oxidized black tea with fatty sweets. A more modern idea is to marry green tea's grassy notes to creamy foods such as goat cheese. "People should play around with different tastes as they match the character of certain teas with accompanying food," Kamula explains. "For example, if you take something custardy such as crème caramel, it pairs nicely with Darjeeling tea, which has a sprightliness that goes well with creamy richness."

Suggestions for tea and food pairings would fit well into grocers' home meal replacement programs, suggests Lucia Weiler, a nutrition communications consultant. "As grocers help consumers with meal ideas, it makes sense to remind them not to forget the beverage," she says. "Since consumers making meals at home tend to be more adventurous these days, it's good to point out that tea goes naturally with meals, especially with ethnic foods."

These days, tea is also showing up as part of the food, whether as an ingredient in Japanese noodle dishes or for marinating fish. Popular cooking websites serve up a host of recipes using tea such as green tea cheesecakes, an Earl Grey tea sauce for duck and Jasmine tea sorbet. Manufacturers are capturing tea's popularity as a source of antioxidants by adding tea to cookies, ice cream and even a coating for condiments.



Where tea comes from

Kenya—The largest tea producer in Africa, Kenyan tea is grown primarily on small plots and processed at factories owned and managed by farmers. It is unusually high in antioxidants, which gives the tea a bright, clear, orange cup and a clean refreshing taste.

India—With tea grown in several regions of the country, India is the world's largest producer. Tea is hand-plucked and processed in factories using state-of-the-art technology to optimize efficiency and quality. India exports a wide range of teas, including the black, flavoured, green, white and oolong.

Sri Lanka—Sri Lanka's black tea, known worldwide as Ceylon Tea, comes in a wide variety of flavours ranging from full-bodied to light, delicate and fragrant, pungent, rosy, thick and sweet. The country also produces a small quantity of green tea.

Tea myths

- Why doesn't it taste like oranges? Some people are surprised to learn that orange pekoe tea does not contain orange flavouring. The name, actually a manufacturing term used to identify quality and length of black tea leaves, may have originated with early Dutch traders who used "orange" to imply Holland's ruling House of Orange.
- Does tea have more caffeine? Rumours abound that tea has more caffeine than coffee but it's really the other way around. A typical 170-mL cup of coffee contains 99 mg of caffeine while the same sized cup of tea provides only 34 mg of caffeine.
- What's first in the cup—milk or tea? The habit of adding milk first likely started when tea was expensive and there were no refrigerators to keep milk fresh. So people would add a little bit of tea to milk to see if it curdled. But whether milk or tea goes first into the cup doesn't affect the flavour.
- Which tea has more antioxidants? Although many people believe that green tea is the "healthier" choice because it has a higher antioxidant content, black and green tea contain similar amounts of antioxidants and both are considered healthy beverage options.

