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Tea in Japan

PROSPECTS

Ongoing Shift from Loose Leaf Tea to More Convenient Formats

The increasingly hectic character of modern consumer lifestyles is generating growing demand for products that minimize the time required for preparation. This demand has been bolstered in recent years by government efforts to promote female participation in the paid workforce to address the severe labor shortage resulting from a contracting and ageing population, and stimulate the economy. The rising number of single-person households are also contributing to demand for tea products that are quick and easy to prepare, with an increasing number of households not owning a kyusu (tea pot). Consequently, there is a notable shift from loose leaf tea to formats such as tea bags, instant tea, and ready-to-drink (RTD) tea. Another factor encouraging this trend is the fact that it is becoming increasingly common for different family members to prefer different types of beverage, thereby stimulating demand for products that enable individual drinks to be prepared in mugs or cups. Furthermore, the demand for tea that can be carried around in bottles for on-the-go consumption is also boosting consumer interest in single-serve packaged tea formats.

Growing Trend towards Cold Brew

Cold brew is becoming a notable trend across tea and coffee, with companies suggesting

cold brew as a new way of preparing hot drinks to stimulate consumer interest and expand the range of potential consumption occasions. Cold brew drinks are easier to prepare than drinks using hot water, can be consumed immediately, and are compatible with on-the-go consumption. Furthermore, when brewed cold, drinks are often perceived to become less bitter and more refreshing. This is in line with the recent trend towards fresh tasting drinks, especially among younger generations.

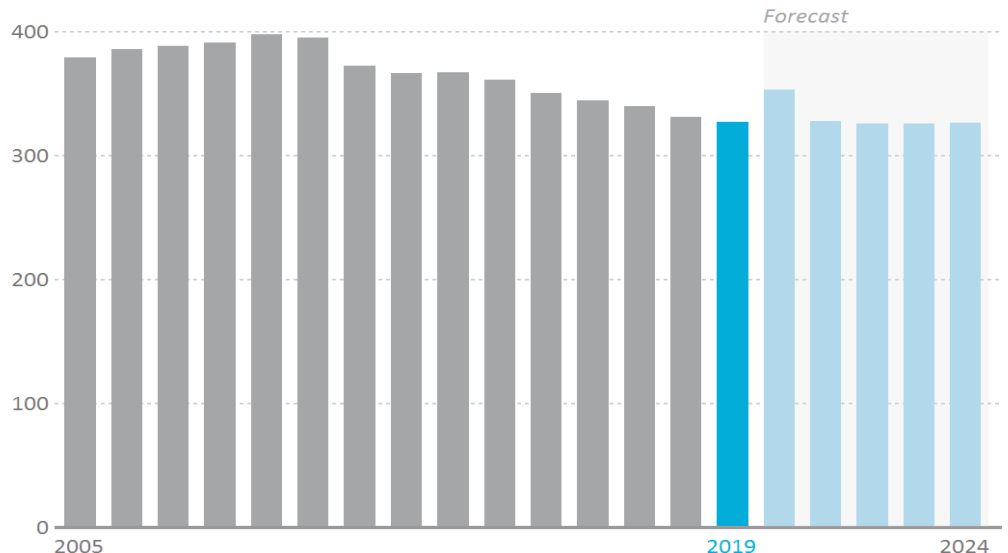
Tapioca Milk Tea Trend Boosts Black Tea

The popularity of tapioca milk tea in foodservice is increasing consumption of black tea in Japan. Black tea is not widely consumed in the market compared with green tea or mugicha (barley tea), with consumption largely limited to afternoon tea with sweets or when welcoming guests. The strong trend towards tapioca milk tea has brought black tea into daily life. In addition, in the winter of 2019, there was a growing focus on claims that black tea has the potential to aid in combatting flu, which enables black tea to resonate more strongly with the increasingly health-oriented character of consumer demand. However, neither the tapioca milk tea trend nor the potential health benefits of black tea were enough to stimulate retail growth in the category in either volume or value terms at the end of the review period.

Sales of Tea in Japan

Retail Value RSP - JPY billion - Current - 2005-2024

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COMPETITIVE LANDSCAPE

ITO EN Ltd Extends Lead in 2019

ITO EN Ltd extended its lead in tea in 2019, maintaining a trend of year-on-year value share growth that persisted throughout the review period. The company benefited from the performance of its single-serve tea bags and the synergistic marketing of its hot drink business and its RTD tea business. ITO EN added tea bag and instant products to its Kenko mineral mugicha brand in 2017 to tap into the rising popularity of mugicha, which has shifted from seasonal to year-round production as consumption has expanded beyond the summer months. The rise in mugicha's popularity has been driven by increasing demand for hydration even in winter and a trend towards drinks that do not contain caffeine.

Unilever's Tea Stands Aimed at Positioning Black Tea as an Everyday Beverage

Late in 2018, Unilever opened tea stands across Japan specializing in black tea. While the first Lipton's tea stand was opened in 2016,

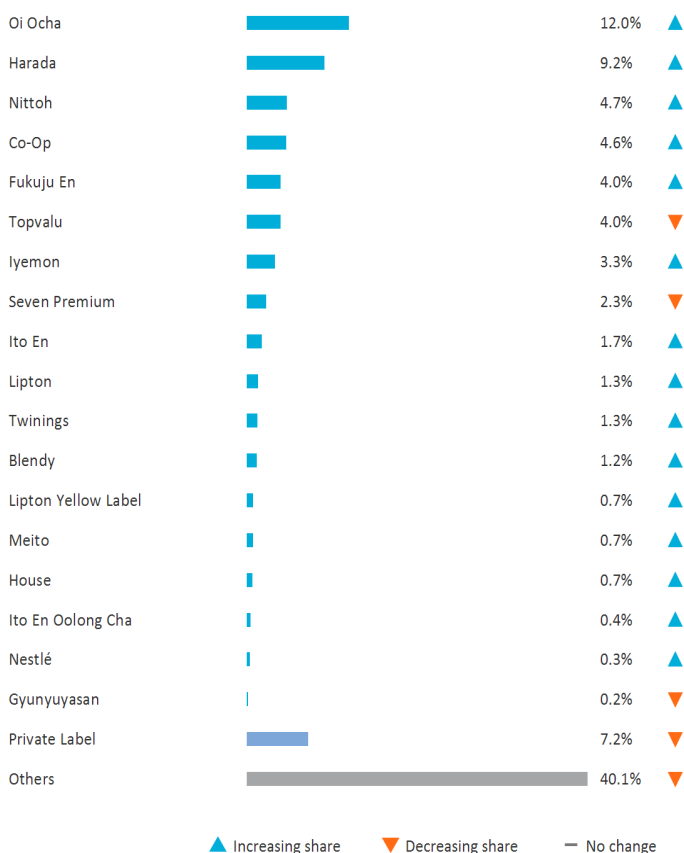
stores remained seasonal until the 2018 openings. The new stands, which offer a wide-ranging tea menu from fruit tea to milk tea, are intended to increase consumer exposure to black tea and position it as an everyday beverage.

Mitsui Norin Targets Convenience and Health Trends in Black Tea

Mitsui Norin Co Ltd remained the largest player in black tea in 2019. The company worked to reinforce its position at the end of the review period through a focus on the development of instant tea products compatible with the growing consumer demand for convenience and single-serve options. Late in 2018, Mitsui Norin added the cassis and blueberry flavor to its Nitto instant black tea range. The new product also notably expands a range that targets the rise in health-orientated demand, promoting its provision of anthocyanin, vitamin C, niacin, B6, and B12. ■

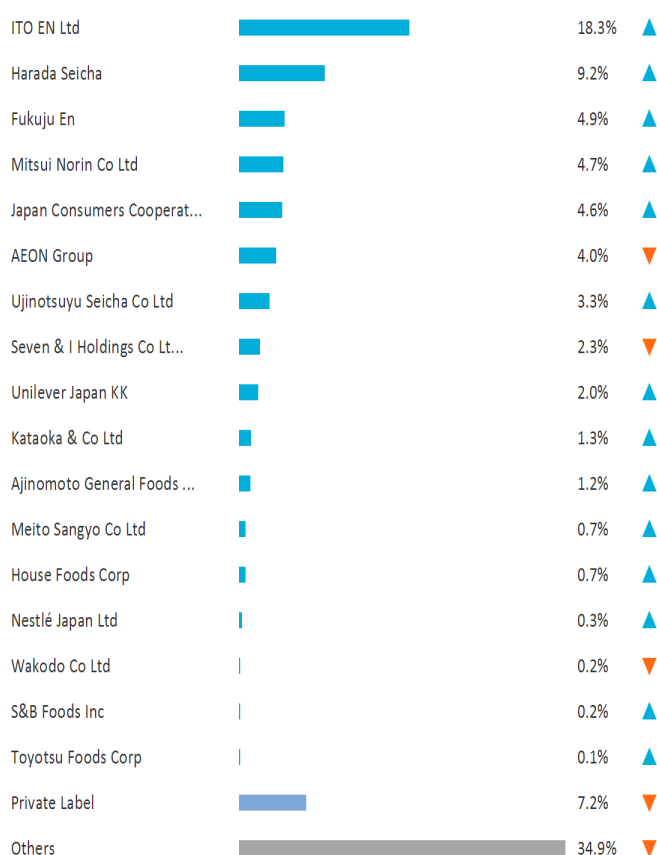
Brand Shares of Tea in Japan

% Share (LBN) - Retail Value RSP - 2019



Company Shares of Tea in Japan

% Share (NBO) - Retail Value RSP - 2019



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in HongKong, China



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