

Market Intelligence Digest

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What's Trending in Japan: Ready-to-Drink Coffee and Tea (1 of 2)

The market for RTD coffee and tea is becoming more polarized, with growth in health-orientated vs indulgent products, as well as authentic vs hybrid products.

Highlights

✓ *Local consumer trends*

From working mums outsourcing household and parenting duties to single men and women choosing to enjoy leisure activities solo, more consumers are using their time wisely in order to get as much out of their free time as possible.

✓ *The market*

Japan's coffee culture is strengthening, with increasing retail market value (excluding RTDs) in the past three years. The number of RTD coffee launches is also on the rise.

Tea has been observing a slight decrease in the retail market, while the number of RTD launches in 2018 is on par with launches in 2016.

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✓ *Key innovative trends*

The market is becoming polarized, with some RTD coffees and teas increasingly positioned as functional, health-orientated beverages and others being positioned as indulgent, dessert alternatives. There has also been some development in coffee/tea hybrids and blends for consumers seeking the best of both worlds.

Local consumer trends impacting the Japanese RTD coffee/tea industry

Catering to working mums

Pressed for time, working mums are increasingly outsourcing household and parenting duties to third parties in order to get by. While tea drinks are generally positioned for relaxation, there is a market for energy-boosting RTD tea drinks to cater for multi-tasking working mothers to get them through long days.



Vegetarian revolution



For a country renowned for its healthy diet and lifestyle, Japan lags behind others in terms of its understanding and acceptance of vegetarianism/veganism. Lately, however, there has been a noted rise in awareness by the public as a growing number of vegetarians have started putting pressure on the food and drink industry in Tokyo.

While it's unlikely that vegetarianism and veganism will move mainstream any time soon, the movement is expected to grow and expand as the 2020 Olympics approaches to cater to vegetarian/vegan/halal visitors.

The RTD tea category is well placed to take advantage of this rising interest in plant-based diets, and there may well be an opportunity to pair different types of tea with popular vegetarian dishes.

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Enjoying life solo

Single dwellers in Japan now account for [over 35% of households](#). As more people choose to delay or shun marriage and the population continues to grey, it is predicted that single households will [rise to 40% of all households by 2040](#).

Therefore, it is perhaps inevitable that people are going to the cinema, karaoke and amusement parks on their own. The leisure industry is responding by offering special amenities such as seats with partitions in cinemas, single booths at karaoke and fast-track lanes for solo riders to help take the stigma out of partaking in activities alone. This growing trend towards a solo lifestyle will no doubt have implications for all industries, including food and drinks, in the future.



The market

Japan's RTD coffee/tea landscape

Despite Japan's deeply ingrained tea culture, retail consumption (excluding RTDs) of tea and tea infusions is small, at only [0.63kg per capita](#) (2017). This pales in comparison with tea-drinking nations like the UK (1.13kg). On the other hand, retail consumption of coffee (excluding RTDs) in Japan is higher, at [2.4kg per capita](#).

New launches over the past three years indicate that RTD coffee has been active, with [product introductions increasing by 25%](#) since 2016. RTD coffee is experiencing an exceptional period of innovation as brands fight to keep their products relevant and recruit a younger clientele.

RTD tea has been less active in terms of launches; however, marketing and sales campaigns attempting to better connect and engage with customers hasn't seemed to slow down.

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Key innovative trends

▪ **Health oriented**

Functional coffee and tea

Functional claims account for [10% of launches](#) in RTD tea in 2018, led by [slimming](#). Recent launches indicate a trend towards featuring more than one function.

Functional claims in RTD coffee are undeveloped, but energy-related claims show signs of promise.



Energy boost

[DyDo Blend Funbar Sugar-Free Coffee](#) is made from selected beans from five countries with 1.2x the amount of milk. The product provides an energy boost and retails in a can bearing a QR code for more information on caffeine naps.



Aids concentration

[XS Energy Black Impulse Coffee](#) is a coffee drink containing galanga root extract, said to aid concentration, and 75% peaberry coffee beans, with no sugar or calories. It is claimed to be the world's first zero-sugar energy drink brand.

Ito En has launched a range of FOSHU-certified tea formulated with catechin gallatein, which has two functions: lowers the cholesterol level and inhibits the body from absorbing fat. The green tea, oolong tea and jasmine tea varieties have recently been repackaged to communicate the benefits more clearly on pack.



[Catechin Jasmine Tea](#)



[Catechin Oolong Tea](#)