

Market Intelligence Digest

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

Key innovation trends impacting China's RTD tea and coffee markets

❖ Texture and flavor are driving innovation

To keep things interesting in a crowded market, brands can look at new flavors, ingredients and textures (mouthfeels). Coconut, with its water, milk and bits, is an ingredient with potential in this space.

❖ Better products with better ingredients

Consumers are also increasing their attention on what is in their food and drink, so brands need to focus on more of the good (eg functional benefits) and less of the bad (eg added sugars).

❖ Premiumization of RTD products

While most RTD products have been positioned around convenience and affordability, there are opportunities – from ingredient provenance to better processes to novelty – to premiumize.

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Textures for an added mouthfeel



Remix's [Milk Tea with Pudding](#) is said to be made from concentrated milk and imported black tea, with refreshing pudding chunks.



Coffee-flavored jelly
Pokka Sapporo Jelee's [Vanilla Flavored Coffee Jelly Drink](#) is described as creamy with crushed coffee jelly.



Transparent tapioca pearls
En-Snow Bai Nen's [Bubble Milk Tea](#) is said to contain transparent and smooth tapioca pearls that are made from cassava starch.

Coconut as the new go-to ingredient



[Coconut Juice Drink with Coffee and Nata de Coco](#)

Coco Coff's Coconut Juice Drink with Coffee and Nata de Coco is an interesting combination of coffee with coconut juice and nata de coco. Coconut's proposition of providing hydration, electrolytes and vitamins has been established in the West over the past few years and is now gaining popularity in China in recent years.

Brands can consider coconut water and milk as ingredients for blended or infused RTD beverages to attract those who are health-conscious and adventurous. In the US, Mintel sees [coconut water or milk added to RTD tea beverages](#) as a way of diversifying products from regular milk tea or green tea. This product shows the versatility of coconut water as an ingredient not just for RTD tea, but RTD coffee as well.

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New RTD tea flavours: fruits remain most popular with lemon topping the list



Lemon tops the list

You Chen Zhi Lian's [Lemon Tea](#) is said to contain real lemon. New launches with lemon flavors are most popular, growing from 28 launches in 2017 to [41](#) in 2018.

Secret Thai sweet-and-sour recipe

Unif Tai Mo Xing's [Thai Style Lemon Tea](#) features lemon and black tea and its sweet and sour taste is attributed to a secret Thai recipe.

Cheese milk tea

MasterKong's [Cheese Milk Tea Drink](#) is said to be made using quality black tea blended with milk powder from New Zealand in a "dual-balancing" technique, making the tea rich and silky-smooth.

Better starting ingredients



Kopiluwak coffee beans

Kopiluwak Coffee [Sugar Free Kopiluwak Plain Coffee Drink](#) is said to be made using freshly ground kopiluwak coffee beans.

Yu Lu (Gyokuro) green tea leaves

Chun Cha She's [Yu Lu Green Tea](#) is made using selected tender yulu tea leaves (Gyokuro green tea plants that are grown under the shade) and brewed in a low temperature to give a sweet and refreshing taste.

Milk from Australia

Xiangpiaopiao Meco Yuan Wei's [Infused Tea with Milk](#) claims to be made using milk from a dairy farm in Australia with selected Assam tea leaves.

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Functional benefits from additional ingredients



Probiotics

Jiao Zhen's [Honey and Pomegranate Flavored Black Tea Drink](#) is said to contain fruit juice, tea and probiotics, and be processed according to a 72-hour fermentation technique to help with digestion and gut health.



Dietary fiber

Yeswater's [Slimming Green Tea](#) claims to contain dietary fiber that is said to help consumers feel fuller for longer, improve cholesterol and blood sugar levels and prevent diseases such as diabetes, heart disease and bowel cancer.



Detoxifying canton love-peas vine

Hung Fook Tong's [Canton Love-peas Vine Drink](#) is said to contain the canton love-peas vine (Abri Herba) that helps detoxify the body, soothe the liver and ease painful symptoms, and helps with jaundice, hypochondriac pain and a bloated stomach.

Functional benefits, fun experience



Tai Fu Cool's Chrysanthemum and Sickie Senna Seed Herbal Cooling Drink utilizes the Chinese concept of achieving balance with food by consuming 'cooling' food as a remedy after eating too much 'heaty' food (eg fried stuff).

The product is positioned as a 'fire extinguisher' for internal heat. It retails in a 500ml bottle with a spray bottle design that continues to play up the fire extinguisher analogy, and even provides instructions on how to use the spray bottle.

As we move towards an experience economy, including ways to have fun with your food and drinks can be an interesting added dimension to better engage consumers.

[Chrysanthemum and Sickie Senna Seed Herbal Cooling Drink](#)

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RTD products can potentially be premium too

As more consumers are curious to find out more about what goes into the food they consume and how it is made, there is an opportunity to share how a better process creates a superior product that deserves to command a premium.

Provenance of ingredients is another way to establish premiumness for products. Regardless of whether the consumer can taste the difference, using ingredients from places known for that ingredient can impart a halo effect on the product.

To stand out on shelves, brands can sometimes break conventions, whether via an odd flavour combination, out-of-category packaging or limited time offers. In the sea of sameness, products need to do all they can to get attention.

Provenance of ingredients



Spring water from Yilan, Taiwan
Yeswater's [Barley Tea](#) is said to be made using golden barley and spring water from Yilan, Taiwan.



South American mate
Danone's [Rose and Grapefruit Flavoured Green Tea](#) is said to contain South America mate, rose and grapefruit-flavoured green tea.



Black tea from Wuyi Mountain
Great Value's [Lemon Tea](#) claims to be made using selected Wuyi Mountain black tea and imported lemon juice from South America.

Colourless and clear RTD milk beverages

Over the past two years, colourless clear beverages emerging on the market have been betting that consumers' curiosity and desire for novelty will win over their concern with the products. While such products have seen some traction, it remains to be seen if they will be established as a sub-category or become just another fad.

Mytea's Transparent Milk Tea Drink brings it a step further in terms of challenging the consumer's imagination with a milk product that is colourless and clear. The product is said to contain Assam black tea extract concentrate liquid, and is aromatic and mellow.