

Make Innovation HAPPEN



**MIH Knowledge Article:
Can the Scottish tea industry take a leaf
from the innovative coffee sector?**

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A LAND OF
food and drink

SCOTLAND
IT'S TIME TO INSPIRE



Can the sector regain ground and attract a younger generation by learning lessons from the coffee sector and focusing on tea's versatility?

Although tea is the second biggest sector in the hot drink category after coffee, Kantar Worldpanel research shows there's been a 2.8% decline in volume sales over the past year. This decline is being driven mainly by falling sales of black tea.

According to market intelligence firm, Mintel, about half of over 55s in the UK, drink standard black tea more than once a day, compared to only 20% of 16-34 year-olds. However, Peter Dries, director of customer and shopper marketing for Tetley, points to the fact that, if you excluded black tea, all core sectors of tea are actually showing growth.

This is creating exciting opportunities for Scottish food and drink companies looking to innovate and make the most out of the tea market.

Tea: a generation clash

The younger customer not only desires different tea styles and flavours, but also wants ethically-sourced, speciality teas. They're branching out from consuming basic black tea, and are enjoying fruit, herbal and green teas.

By exploring new ways to bring product to market, the coffee industry has created a coffee space that excites the consumer. And so too could the tea industry.

Cool tea concept shops and tea bars, exotic botanicals and tea cocktails, cold brews, new brewing techniques and pyramid formats that deepen flavour, could all be areas to explore. As could functional tea with its reported health benefits.

The rise of hojicha tea

Hojicha is a Japanese style green tea, roasted at a high temperature which reduces its caffeine content down to 20mg caffeine per 100g. It contains theanine and catechin, which some claim offers health rewards to the consumer. And its gentle flavour profile makes it an ideal companion for ice-cream, desserts, cakes and chocolates.

The market for hojicha tea is growing. According to research firm, Intage Inc., sales of beverages made from hojicha increased by 30% between 2012 to 2016. And in the past year, there have been around 90 hojicha drinks and hojicha-flavoured food products launched in Asia.

The potential of tea bars in Scotland

In the US, tea bars have sprung up. Consumers enjoy speciality teas and brews they can't replicate at home. And the bars produce brews which are focused more towards the health-conscious consumer.

Trends that evolve in the food service sector often end up gaining a presence in retail. One example being chai and matcha teas that started off in cafes, and ended up in the supermarket.

The Grocer Harris Interactive Survey, conducted with 2,114 tea drinkers, found only 10% of the participants said they drink tea out-of-home every day. Almost a quarter of the respondents said they buy tea out-of-home less than once a month. At the same time, when asked whether they preferred tea or coffee, consumers were almost equally split between the two, which highlights the potential the tea sector could have.

Growth opportunities in the tea sector

Growing a tea bar culture will need innovation and product that the consumer will want to leave home for. The coffee culture has really delivered what its customers want. To develop along the same lines, the tea culture will have to do the same.

Tea is an exciting, evolving category that's versatile and offers great opportunity to innovate, diversify and add value. There are a number of tea growers in Scotland. So, with a locally-sourced product, there's even greater potential to create a lively tea industry here.

If you want to understand more about tea trends in Scotland, make use of our free Make Innovation Happen service. A service dedicated to helping Scottish food and drink businesses grow.

Innovation support for Scottish food and drink companies

Make Innovation Happen is a single source of innovation support for businesses involved in the Scottish food and drink supply chain.

Scotland Food & Drink, Scottish Enterprise and Highlands & Islands Enterprise work in partnership across academia, the public sector and the industry to deliver a comprehensive innovation support service.

Make Innovation Happen can help your business by providing:

- [Access to 'connectors'](#), who can offer support, advice and mentoring, as well as direction to appropriate support
- Ideas and insights on how to innovate through articles and events
- Funding through the [Collaborative Innovation Fund](#)
- Help to access other innovation services provided by Scottish Government, [Scottish Enterprise](#), Highlands & Islands Enterprise, Interface and others

To find out more about the support available, please get in touch with the Make Innovation Happen team:

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