

# GESELLSCHAFT FÜR TEEWERBUNG MBH

## GERMAN TEA COUNCIL

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*Press Release*

### **A classic beverage turns trendy: German tea consumption stable at high level**

Hamburg, July 2004. Tea continues to be the world's most widely consumed beverage, next to water. For German consumers, tea is a versatile beverage with a sophisticated image. According to figures released by the German Tea Association, the total consumption of black and green tea in Germany in 2003 amounted to 18,697 tons, which is equivalent to a one percent market increase against the previous year's figure of 18,512 tons. This is a satisfactory result because it means that the tea market has managed to remain stable at a high level, despite having to face tough competition in the hot drinks market.

The foremost secret of tea's continued success is its versatility. Thanks to a wide range of different tea types, each with unique flavour characteristics, the consumer can select tea to suit any mood or occasion. Alongside the aspect of enjoyment, today's consumer increasingly expects food and drink to have extra health credentials. In addition to merely enjoying a beverage, health conscious consumers like to feel that they are doing something for body and soul, or their personal well-being. "Tea is ideal in this respect. A lot of ongoing scientific research indicates that black and green tea have beneficial effects on human health. Consumer surveys confirm that health considerations play a role when buying tea. Plus: Tea drunk without any additives contains no calories", is how Jochen Spethmann, Chairman of the German Tea Association, explains tea's popularity.

The German market research company *ifo* reports that per capita consumption of tea in 2003 averaged 26 litres. The proportion of black tea to green tea has stabilised in the last 2 years; 81 percent of all tea drunk is black tea, whilst green, unfermented tea holds a market share of 19 percent. Incidentally, the convenience factor has its proponents; about 40 percent of all green and black tea consumed in Germany is in teabags. Organic tea holds a market share of 2.1 percent.

### **Speciality tea shops expand their market share**

Speciality tea shops expanded their market share to 17.2 percent, and now hold second position in order of importance, next to discounters, which hold 17.4 percent. It is clear that there is a consumer segment which appreciates the services of competent staff in speciality tea shops, combined with the exclusive variety to be found on offer here. Traditional food stores remain in number one position, with a market share of 43.8 percent. Gastronomy and caterers hold 4.3 percent ahead of mail order companies. This leaves 11.8 percent for "various other outlets", such as small retailers which do not provide figures.

### **India is Germany's number one supplier**

India is traditionally Germany's biggest supplier of tea, 7,618 tons of Indian tea were imported in 2003, which is equivalent to approx. 13.0 percent of the overall market. Indonesia and China share second place with 12.5 percent each, followed by Sri Lanka which exported 5,542 tons (9.4 percent of the market) and Africa with 3,756 tons in 4<sup>th</sup> place. Amongst the African suppliers, Kenya's share amounted to 15%. Kenya has been able to maintain this substantial share over the past years.

Germany imported a total of 59,205 tons of tea in 2003, which is 7,303 tons more than in 2002. Of this amount, 25,419 tons (681 tons more than in the previous year) were re-exported after value-adding, to EU countries such as the Netherlands, France, Sweden and Austria, but also to third countries such as the USA. Even Great Britain as a traditional tea drinking nation imports some tea from Germany. Germany has become quite significant as a focal point of international tea trade.

### **World tea production continues to rise**

At international level too, tea continues to be a trend setter. World tea production expanded by 40,681 tons to reach 3,096,707 tons. India is the world's biggest producer of tea (857,055 tons), but exports only 165,000 tons; the rest is needed for indigenous consumption (per capita consumption: 660 gramms according to the Annual Bulletin of Statistics, ITC, London). Sri Lanka is the biggest exporter of tea. 96.0 percent of all tea produced in Sri Lanka goes into export. Third biggest exporter world-wide is Kenya, which exports 268,801 tons of tea, nearly 92,0 percent of all tea produced in that country.

### **Forecast 2004: Positive trend set to continue**

The German tea trade, to quote Jochen Spethmann, is confident that the current year will be a good one for tea. "Tea held firm in 2003, when circumstances were difficult. Recent consumer surveys indicate that people are attracted to tea because of the vast range of flavours and because they enjoy the pleasant effects of tea drinking. This makes tea a versatile beverage just right for any occasion." Another indicator of tea's growing trendyness is the gradual appearance in Germany of stylish tea shops serving all kinds of freshly brewed speciality tea.

As a hot beverage, tea is naturally a favourite in the cold season, but hot tea is also a good thirst quencher in the summer months. Spethmann tells us: "Tea drinking nations such as Sri Lanka, Tunisia or India find hot tea refreshing, particularly when the temperatures are soaring."