TEA REPORT 2020

Tea unites. Whenever, wherever.
Enjoy the first joint report from the German Tea & Herbal Infusions Association, which gives you an insight into the German tea market and lets yourself be inspired by tea in all its diversity.

Tea unites

This is the first joint Tea Report of the German Tea & Herbal Infusions Association following the merger in early 2020 of the German Tea Association and the German Herbal Infusions Association. In many respects, the fusion of the two federations which had already worked closely together under one roof in the past makes sense in many respects and creates synergies.

Since the beginning of 2020 the German Tea & Herbal Infusions Association represents the entire German tea industry in the tea metropolis of Hamburg and one of the hubs of international tea trade, bringing together what has long belonged together in consumer perception: "real" tea (Camellia sinensis), and herbal and fruit infusions. The German tea industry stands for an almost unlimited variety and exemplary product quality for both international and national consumers.

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INFO-BOX

Unless otherwise stated, the term "tea" in the following includes both "Camellia sinensis" (i.a. black and green tea) and herbal and fruit infusions.
Tea unites

A declaration of love: Tea has two qualities that consumers associate with it. On the one hand it is a valuable food product, on the other hand tea stands for an enjoyable attitude to life. Whenever – tea connects moods and taste, families, friends, acquaintances and business partners. Wherever – different places, occasions and seasons provide opportunities to enjoy tea hot or cold. Tea makes you happy: anytime, anywhere.

The positive, beneficial properties ascribed to tea give it its particular value. Yet truly important are the positive associations that consumers link with tea: Conscious enjoyment. Mindfulness. Naturalness. Time for oneself. Moments of relaxation, invigorating “kicks” in-between, comforting warmth or sensuous bliss. Wonderful sensory impressions that are part of a pleasure-oriented lifestyle. Tea fulfills wishes, and more and more young people are discovering tea as their new favourite beverage.

Pandemic shows effect

The tea industry is also affected by the pandemic. Although not any typical category for hoarding, demand at grocery and drugstore markets increased noticeably. The member companies were able to supply the trade adequately and promptly thanks to predictive warehousing.

In contrast, demand from the catering sector was abruptly halted by the lockdowns and is recovering only slowly within the course of easing measures. Hotels, restaurants and bars which were otherwise glad to welcome foreign and domestic guests and business travellers continue to be severely affected by the situation. A return to usual demand will take some time.

As a consequence of the pandemic, market observations point to a reduced supply due to a severely scarce harvest. In addition, lockdowns in the countries of origin make shipping and logistics more difficult and hamper the collection of herbs in forests and on meadows. This tense delivery situation – such as crop shortfalls in the countries of origin – as well as increased costs for logistics and expenses for quality assurance will probably lead to a rise in prices for raw materials if the previous high quality requirements are to be maintained as usual.

During the pandemic more people have worked from home than ever before. The trend towards a healthy and conscious diet has given positive impulses especially to black and green tea during this time.
Tea grows in value & volume

In 2019, per capita consumption in Germany rose to 68 litres of black and green tea and herbal and fruit infusions. This amounts to a total of 47 billion cups in 2019.

Herbal and fruit infusions remain at a high level with a per capita consumption of roughly 40 litres and lead the tea consumption. Black and green teas reported a plus of 1.6 litres last year. Here the average per capita consumption is now 28 litres.

The quantity is divided into almost 40,000 tonnes of herbal and fruit infusions (67 per cent) compared to nearly 19,200 tonnes of black and green tea (33 per cent).

The ratio of black to green tea remains unchanged at 73 to 27 per cent. Whereas single varieties among the herbal and fruit infusions are declining slightly, blends are increasing by 2 percentage points to almost 55 per cent.

World champion East Frisia

Herbal and fruit infusions are part of the tea tradition in German-speaking countries. Nowhere in Europe are they as popular as in Germany, Austria and Switzerland.

The East Frisians remain as before world champion in tea drinking with 300 litres of black and green tea per capita consumption in 2019. Followed in Europe by Ireland and Great Britain in second and third place.

Leaf or bag

For herbal and fruit infusions, the tea bag is ahead with 90 per cent.

The loose leaf, however, remains the clear favourite for black and green tea with 60 per cent.

68 litres
Per capita consumption of tea in Germany is almost 68 litres, of which 28 litres of black and green tea and 40 litres of herbal and fruit infusions.
Diversity is a tea trend

The trend towards high-quality teas for all life situations and pleasure has continued in 2019. Consumers are increasingly buying selected and more complex blends that ideally supplement the desire for a healthy, enjoyable and diversified diet.

The increasing product diversity emphasises the trend towards extraordinary blends. Trade and gastronomy are very keen to experiment, which gives the overall market a lot of positive impulses.

Tea grows in all segments

Tea is on the road to success in 2019: consumption is increasing across all segments and channels. While herbal and fruit infusions are predominantly bought at food retailers and discounters, fans of black and green tea often seek personal advice at tea specialty shops.

Black and green teas are also mainly being bought at food retailers and discounters, where sales are growing by 1.9 per cent. The market shares of the various distribution channels are divided as follows across a total consumption of 19,194 tonnes of black and green tea in 2019*:

- 54.3% Food retailers and discounters
- 17.5% Tea specialty shops
- 17.9% Other channels
- 5.8% Catering & hotels

Among the single varieties of herbal and fruit infusions, peppermint, fennel and camomile remain the favourites. Sales of rooibos recovered slightly following a decline of the drought in South Africa.

Strong exports

Importing, refining, exporting: Almost half of the black and green teas processed in Germany travels further abroad. 22,342 tonnes (45 per cent) of imported black and green tea were re-exported in 2019, which corresponds to a growth of just under 1 per cent compared to the previous year.

*In addition, a significant amount of black and green tea is attributed to the processing industry, e.g. tea drinks, cosmetics, etc..
Creation

Whether mild herbal, sweet fruit infusions or spicy blends: Over 400 different parts of around 300 different plant species are the basis for the variety of herbal and fruit infusions.

Seeds and roots, flowers and fruits or barks and leaves have always always been used to compose popular as well as ever new blends that differ in taste nuances, colours and intensity. The German tea industry is constantly reaching new target groups with new creations.

Organic grows

Organic is the growth segment for tea and benefits from increasing nutritional and health awareness.

A sense of taste

The German tea industry is renowned for its refinements. The basis of this is the expertise and creativity of experienced tea tasters. As an all natural product, tea differs from crop to crop. It is the art of the tea tasters to consistently compose popular flavours.

Modern machines produce up to 400 tea bags per minute today.

The sales of organic herbal and organic fruit infusions increased to 7 per cent of total tea sales and account for almost 11 per cent of the herbal and fruit infusions sold (39,501 t).

Organic black and green tea reached 4 per cent of total tea sales and amount to 12 per cent of the black and green teas sold (19,194 t).
Herbal infusions with caffeine kick

In South America, mate is one of the most favourite drinks. In Germany it fills a niche - as its caffeine content along with guarana and kola nut, bridges the gap between green and black tea and herbal and fruit infusions.

While tea is booming overall, mate after its growth in 2018 fell back to the level of previous years. Mate imports originate almost exclusively from Brazil, Argentina and Paraguay.

There are over 30 mate tea varieties in Argentina: mild or strong, pure or blended, hot or cold.

Brazil is the main supplier of mate with 747 tonnes.

Argentina follows with 470.5 tonnes of mate.

Paraguay exports 240 tonnes of mate.

Import to Germany

46,643 tonnes of black and green tea from 72 countries were imported into Germany in 2019, which is close to the level of the previous year. India and China alone supply more than half of the tea we drink in Germany.

India is the largest black tea supplier at 33.5 per cent.

China is the largest green tea supplier at 61.8 per cent.

Sri Lanka has the largest increase in market share.

At around 12 per cent, African tea-growing nations are among the top tea suppliers to Germany, above all Kenya.

Indonesia supplies almost 7 per cent of our black and green teas.

More figures at www.teeverband.de/presse/marktzahlen/id-2020/
Kenya is overall the undisputed world champion in tea export. Kenya predominantly produces black tea (over 90 per cent). India keeps 82 per cent for its own consumption. Sri Lanka’s exports takes third place. China is the world’s biggest tea producer, but only ranks second in terms of exports, as most of the tea remains in the country. In Indonesia, 67 per cent, two thirds of tea production are consumed domestically.

In 1910, only 15 per cent of black and green tea was consumed in the tea-growing countries. Today, the tide has turned, own consumption in 2019 was almost 70 per cent – and the trend is rising.

Of the 6,150,000 tonnes of tea produced, 4,254,247 tonnes remain in the countries of origin, compared to 4,078,028 tonnes in the year before. Kenya exports over 90 per cent of its tea production.

A colourful range

Whether totally classic with camomile flowers and peppermint leaves, fancier with rose petals, ginger, cinnamon, rose hip, fennel or mate – herbal and fruit infusions stand for a wide-range of taste sensations.

Ingredients from all five continents invite to set off on a journey around the world on the tea shelf. The tea tasters’ tireless joy of experimentation in purchasing and production ensures continuously new taste experiences for tea-lovers at home.
The raw materials for herbal and fruit infusions come from all over the world. Almost 20 per cent come from countries in the European Union, i.a. from Germany.

For example, significant quantities of herbs such as camomile and peppermint are grown in Bavaria, Saxony, Saxony-Anhalt and Thuringia. In total, however, only a third of the plants are classically cultivated in fields, the majority of raw materials for herbal and fruit infusions comes from wild collections.

**Field, forest and meadows**

India and China account for over two thirds of world tea production.

<table>
<thead>
<tr>
<th>Origin</th>
<th>Production in Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>2,799,382</td>
</tr>
<tr>
<td>India</td>
<td>1,389,700</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>300,134</td>
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<tr>
<td>Kenya</td>
<td>458,853</td>
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<tr>
<td>Indonesia</td>
<td>128,800</td>
</tr>
<tr>
<td>Other Countries</td>
<td>1,072,830</td>
</tr>
</tbody>
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World production of black and green tea exceeds 6 million tonnes (6,149,699 tonnes) for the first time. The five biggest tea producers are once again, in descending order, the Big Five: China, India, Kenya, Sri Lanka and Indonesia.

Solely India and China account for 68.1 per cent of the world tea production, compared to 67 per cent in the previous year. India is the largest black tea producing country in the world; China for green tea.

In 2019 over 6 million tonnes of black and green tea were produced, which is roughly the weight of 30,000 blue whales. The blue whale is the heaviest animal on Earth.

Around 1/3 of the plants for herbal and fruit infusions is traditionally cultivated in fields.
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