

BREWED TEA, PURE AND SIMPLE

FORMULATE YOUR SUCCESS
WITH A CLEAN LABEL



Better-for-You is Booming

“THE TEA AND RTD (READY-TO-DRINK) TEA CATEGORY HAS EXPERIENCED STELLAR GROWTH IN RECENT YEARS, THE RESULT OF GROWING INTEREST IN HEALTH AND WELLNESS AND GREATER AVAILABILITY...”¹

Since consumer interest in health and wellness seems to be limitless, manufacturers and the marketplace continue to respond accordingly. The healthy eating index is expected to continue its recent increase², and the beverage industry is one of many that has responded to—and benefitted from—this corresponding upward trend in health and wellness products. It is interesting to note, “While sales of traditional drinks continue to decline, alternative products, including natural and organic beverages, continue to see sales growth.”³ In fact, natural refreshment drinks are driving 31 percent of dollar growth.⁴

According to Mintel’s ‘Tea & RTD Tea’, the demand for convenient, better-for-you (BFY) drinks continues to grow, with parents seeking BFY beverage options for their families, to improve health and set a good example for their kids. More than a third of parents consider RTD tea to be healthier than carbonated soft drinks (CSD). Indeed, the RTD tea market segment is poised for growth, as **“total retail sales of tea are expected to continue upward through 2020 as consumers search for BFY (better-for-you) beverage options, growing 19.7% from 2015-20 to \$8.5 billion.”**⁵

The growing emphasis on a healthy lifestyle “has shifted consumers toward healthier beverages, thus driving the growth of tea-based beverages and its use as a functional ingredient.”⁶

What's Brewing in Beverages

Tea is becoming infused into the American diet as consumers become more health conscious and look for alternatives to sugar-rich carbonated beverages.⁷



Better-for-you attributes combined with convenient on-the-go portability set the stage for RTD tea to continue to grow. What's sparking the increase? Innovative products are winning over natural refreshment buyers and are driving much of the category growth.¹⁰ Ready-to-drink (RTD) tea has joined the ranks, boasting antioxidants and mounting sales numbers, with the canned and bottled tea segment **gaining 7.4 percent** in dollar sales.¹¹

OVER THE PAST 5 YEARS

- Carbonated soft drinks are **down 3%***
- Refrigerated orange juice is **down 4%***

IN THE PAST YEAR

- RTD tea is **up 7.4%**
- The average buyer spent **\$217** on refreshment beverages.
- The natural refreshment buyer spent **\$30 (14%) more.**⁸

* compounded annual growth rates (CAGR)



FUN FACT

MILLENNIALS* ARE MORE LIKELY TO DRINK RTD TEAS THAN OTHER GENERATIONS.¹²

* More about millennials, later.

ICED TEA HAS BEEN IDENTIFIED AS ONE OF THE MAJOR GROWTH OPPORTUNITIES IN THE PACKAGED SOFT DRINKS CATEGORY.¹³



The tea category is now encouraging both CSD and sparkling water consumers to switch to sparkling tea drinks.⁹



How Tea Answers the Call

To begin with, tea is perceived as inherently 'clean'. Add its healthful association and its ability to work with a variety of other ingredients (further enhancing its health perception), and you have got a winning combination.

Tea is a versatile partner; its brewing methods and natural earthy flavor allow new blends to feature ingredients other than tea leaves, and since it goes well with numerous fruits and herbs, it allows beverage makers to create a wide range of flavor combinations. These unique blends allow manufacturers to incorporate new nutritional benefits in their drinks, while providing adventurous drinkers with a unique experience.¹⁴ Flavor versatility is key to growth, and has encouraged beverage makers to release exotic flavored teas to entice consumers.¹⁵

CLEAN LABEL

The umbrella trend 'clean label' covers a variety of label aspects, including

Free-from: products whose labels are 'free from' a variety of ingredients, including common allergens

Simple: a product created with as few ingredients as possible, creating a 'short' label

Clear: products with labels that feature transparency of information and are likely to include natural flavors and ingredients





Why Clean and Simple Isn't That 'Easy'

Creating a RTD brewed tea that is clean and simple would seem to be an 'easy' task, but there are real challenges to creating a clean label vs. a standard formulation. Though tea itself is 'clean', many flavorhouses have made it a practice to add caramel color and preservatives for shelf life or artificial flavors to balance off-notes.

WHEN CREATING A CLEAN-LABEL RTD TEA, IT IS IMPORTANT TO CONSIDER

Consistency may be lacking—and consumers expect and demand consistency in the products they purchase.

Appearance must be that of fresh brewed tea, free of cloudiness or sedimentation.

Taste must be smooth, without the bitterness that beneficial polyphenolic compounds can add.

Mouthfeel needs to deliver on the promise of a clear appearance, free of undesirable solids.

There are also challenges to meeting consumers' clean-label—not just clean, but free-from and simple—demands as well as their expectations about appearance, taste, and sensory characteristics.



How to Meet the Challenge

Experts agree that no matter what type of beverage tea is used in, the quality and ingredient format are critical to producing a high-quality end-product.¹⁶ Amelia Bay, the leading provider of premium brewed tea, uses a proprietary advanced brewing technology method, for quality from start to finish—from the high-quality tea leaf at the source, to the high-quality end-product, your custom-brewed tea formulation.

Unlike the majority of general tea ingredient manufacturers, Amelia Bay has the ability to capture all of tea's volatiles for complete flavor and aroma notes, through their all-natural, proprietary brewing process. Since everything 'tea' is captured, there is no need to add anything additional to recapture flavor in an Amelia Bay brewed tea.

Utilizing all-natural optimization methods, Amelia Bay has the capabilities to customize each formulation to the particular specifications of each customer.



THE PERFECT BALANCE

Though consumers clamor for a clean label, they also expect a consistent, high-quality product. Amelia Bay's proprietary advanced brewing technology method allows RTD manufacturers to deliver both a clean label and a consistently high-quality product to meet the growing market.

Amelia Bay brewed tea is consistent each time, due to the company's ability to optimize each and every component of the tea itself.

ADDING FLAVOR

When adding flavors, Amelia Bay knows exactly what is needed to complement actual tea notes, customizing the tea and flavor profile, enabling a label to reflect just two ingredients: brewed tea and the natural flavor. When creating a hybrid tea drink, like a tea-juice hybrid, Amelia Bay offers the same flavor expertise to deliver a perfectly balanced blend that can hit on current trends.

Just as flavors need to convey a simpler, more natural character, simpler and less-sweet blends are also on the rise.¹⁷

How to Meet the Challenge, cont.

MEETING EMERGING SWEETNESS EXPECTATIONS

Lightly sweetened RTD brewed teas are trending. A lightly sweetened attribute can maintain tea's health halo, while also providing the refreshment many consumers prefer. This challenges manufacturers to provide both a sweet (perhaps lightly sweet or naturally sweet) and healthy beverage.¹⁸

As consumers and the marketplace shy away from artificial sweeteners in favor of natural sweeteners like stevia, beverage manufacturers can be presented with the challenge of some bitter off-notes. Amelia Bay has the capability to balance tea tannins to adjust and accommodate for stevia's bitter note—for a balanced, slightly sweet offering with a label that is clean, clear and simple.

For those RTD teas that get their slight sweetness from real sugar, Amelia Bay gives their beverage manufacturers the ability to use less sugar, since there is no need to offset any bitter tea note. This resonates well with today's consumers, who want a slight sweetness from a natural sweetener, but want it used in the smallest possible amounts.

Consumers may have consistently high expectations for their BFY drinks, **but Amelia Bay can help beverage manufacturers meet those expectations, every time.**

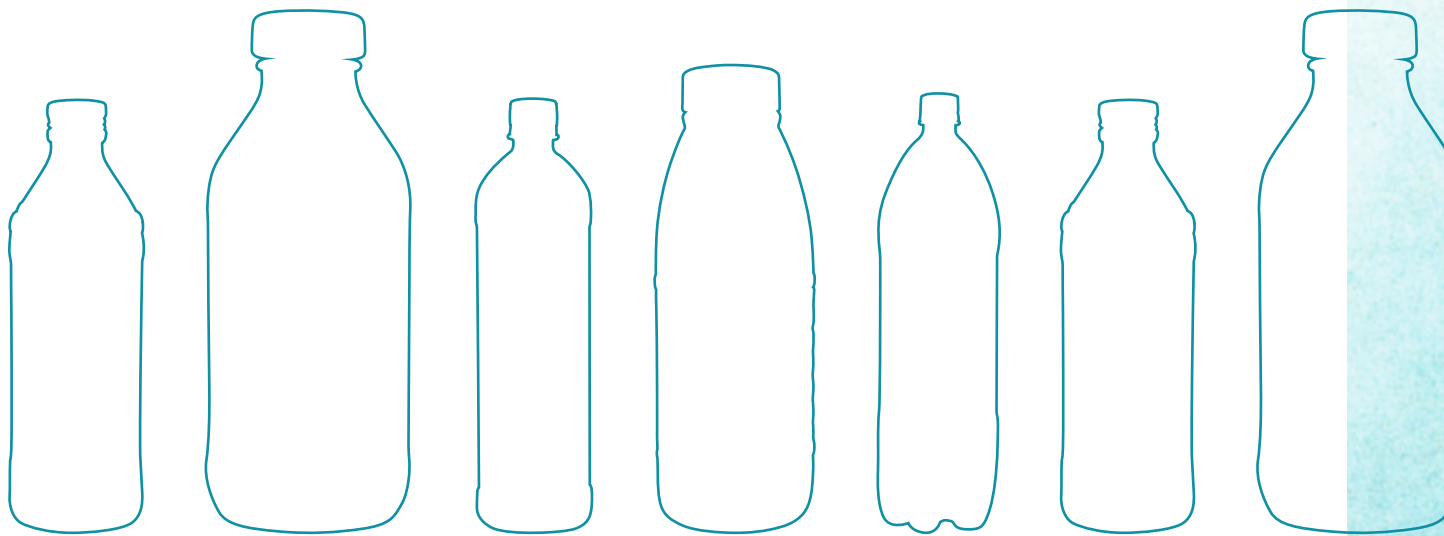
“Tea is well positioned as a healthy beverage option, with research finding positive links between it and cardiovascular health, neurological health, cancer risk reduction, and weight management. **These attributes resonate with Millennials;** nine in 10 believe the health claims associated with tea can help them meet healthy lifestyle goals.”¹⁹



Future Trends / Possibilities for the Market

Just as consumers' wellness awareness is growing, consumer interest is fostering new product development, and creating new possibilities for the RTD tea market.

According to Mintel, "Tea and RTD teas will have to innovate with new flavors, functions and convenience to stay relevant with consumers and competitive with other beverage categories..."²⁰





Future Trends / Possibilities for the Market, cont.



TRENDS TODAY AND TOMORROW

Sports Drinks Tea Off

Sports drinks and green teas pair well with flavors, and offer benefits for sports recovery.²¹

Matcha Makes It

The traditional Japanese powdered green tea has been launched into the world of RTD teas, as more companies offer RTD matchas that benefit from consumer health trends, tea's health halo, and perceived nutritional benefits.

Carbonated RTD Tea Sparkles

As beverage consumers shop for healthier alternatives to carbonated soft drinks—and their associated artificial flavors, colors, and sweeteners—carbonated RTD teas sales are poised for take off. Since carbonated RTD tea has a similar 'mouth feel' as carbonated soda and lends itself to a wide variety of flavors²², it delivers many of the same sensory characteristics of CSD beverages.

Hydration's Halo

Consumers associate hydration with health, and their ideal tea offers enhanced hydrating qualities, as well as the traditional benefits of a RTD tea.²³

Why It Pays to Look Forward

In 2015, RTD tea held **28% market share** in 2015, with **39% growth** in the two-year period. Total RTD tea sales are forecast to see another **15.7% sales growth** from 2015-2020 to **\$4.6 billion**, so it is highly likely that the demand for affordable, premium RTD teas will likely continue.²⁴

In general, the natural beverage buyer is more likely to be young, multi-cultural and educated, and more willing to buy more and be more experimental in what he or she buys. These characteristics have led alternative beverage products to be the agent for growth within the beverage industry; they are turning today's alternative beverages into tomorrow's mainstream buys.²⁵ Why is this important? **These younger natural beverage buyers and RTD tea-consuming millennials are the mainstream purchasers of the future.**

They are establishing their future buying habits today. As other age groups diminish and younger groups come to the fore, it will be increasingly important for beverage formulators and manufacturers to anticipate and meet their preferences.



Why it Pays to Look Forward, cont.

AGENT FOR GROWTH IN CATEGORY:

Ideal (Healthy, Relaxing) Teas

According to Mintel, today's growth is driven by shoppers' interest in health and premium, artisanal tea offerings, and new product launches. Specialty and artisanal offerings give consumers more reasons to try new drinks.²⁶

Mintel went a step further, to conduct an interesting survey asking respondents to construct their ideal RTD tea. During the survey, the respondents chose from a variety of containers, sweetness levels, textures, flavors, functions and attributes, and claims. The result? "Consumers' ideal tea is single-serve, lightly sweetened, traditionally flavored (or unflavored), with added vitamins and natural claims. RTD teas that offer these attributes can appeal to a wide audience."²⁷ For their ideal tea, the majority of respondents created healthy teas. Opportunities exist in the **\$7 billion** category with premium RTD teas and teas that highlight de-stressing qualities.²⁸



ABOUT **AMELIA BAY**

Amelia Bay was founded in 1989 with the specific objective of developing new manufacturing technology that captures the true essence and taste of brewed tea and coffee. Amelia Bay proudly brews and formulates in the U.S.A. and is recognized as the "Industry Leader" for tea extracts that truly reflect the key ingredients and compounds contained in brewed tea and coffee.

We develop custom formulations to meet your specifications. Full production support is provided to your bottler, or bag-n-box manufacturer. Amelia Bay is located in John's Creek, Georgia just north of Atlanta.

For more information, visit AmeliaBay.com

Contact Amelia Bay to get started with your brewed tea or coffee project. Amelia Bay can help you create the next big thing in RTD retail beverages.

[Contact us for more information.](#)

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Amelia Bay blends, brews and formulates all of our products in the USA.

