

The German tea market in 2005

Preliminary remark:

The facts and figures were determined by the German Tea Association, Hamburg, from its own surveys. Further numerical information has been taken from data of the Federal Statistics Office and the International Tea Committee (Annual Bulletin of Statistics), London. The figures indicated refer, unless otherwise indicated, to tea in the strict sense of the word (*Camellia sinensis*). That includes black tea and green tea.

Tea from Germany in demand worldwide Domestic demand slightly up

Hamburg, May 2006 Germany, the world export champion, lives up to this good reputation in the tea business. For the first time, more than half the tea imported into this country was processed here and re-exported as high-value speciality products. The customers for quality tea “Made in Germany” were mainly the Americans, the Russians and the great British tea drinkers. The driving force for export was green tea, the trend beverage in the wellness sector, with nearly 25% growth. The German tea trade is also satisfied overall with tea business in its own domestic market – “We succeeded in keeping sales volume high, that is 1% up, in a very difficult market environment,” said Jochen Spethmann, Chairman of the German Tea Association. Thus the tea business has developed better than the market as a whole, with sales down 5% in the hot beverage sector in 2005. More than 18,000 tonnes of tea were sold in Germany in 2005, that is an average of nearly 25.5 litres of tea per capita.

Sales outlets – specialist shops overtake discount stores

The record holders in competition between the regions are still the East Friesians, who are regarded as the nation’s most demanding tea drinkers, consuming as much as 288 litres capita per annum. That puts East Friesland in fourth place worldwide, following Ireland (328 litres), Libya and Qatar. The most important sales outlet is still the conventional food retail trade, keeping practically the same market share as the previous year, that is 41.8% (7562 tonnes). Tea speciality stores moved up to second place, increasing their market share by nearly 2 percentage points to 18.1% (3274 tonnes), thus pushing the discount stores (18.0%, 3256 tonnes) into third position. The important factors here are apparently expert advice and a wide product range.

The favourite with German consumers is still black tea, at 77% (versus 81% in 2004); green tea accounts for 23% of the market (versus 19% in 2004). The opinion in the tea trade is that this shift in favour of green tea is due not least to white tea, which has been discovered as a speciality and is increasingly in demand. The ratio of loose tea and tea bags remains unchanged at 60% to 40%.

Germany is an international hub

Germany was very much at the focus of the worldwide tea trade in 2005 – the International Tea Trade Conference was held here in February, hosted by the German Tea Association, giving representatives of the countries of origin an opportunity to obtain information on developments in EU legislation. That was followed in September 2005 by the “Tea & Coffee World Cup” in Hamburg – an impressive showcase of the international tea and coffee trades. Likewise in September, Jochen Spethmann was elected President of the European Tea Committee, the umbrella association of the European tea trade, which has its head office in Hamburg (since June 2004).

The special reputation of German companies in the international market is due to the high quality of the tea processed here. German tea tasters enjoy a worldwide reputation for their know-how in the development of new blends and flavour directions, and for their good feeling for promising trends – definitely a competitive advantage in a hot beverage market characterised by increasing pressure to innovate. On top of that, the German companies traditionally have a close and trusting relationship of cooperation with the partners in the countries of origin.

In business year 2005, tea export from Germany was up 2.3% at 22,127 tonnes (versus 21,637 tonnes in 2004), continuing the positive trend of the last few years. More than half of the 41,691 tonnes total import into Germany were processed and then exported again. That leaves some 19,564 available for the domestic market, with German consumption of 18,091 tonnes. The difference of some 1500 is explained, according to the German Tea Association, by stocks held at the turn of the year, and thus not yet reported in consumption.

Last year, China replaced Indonesia as the most important supplier country for Germany. Nearly one fifth (8225 tonnes) of the tea imported was from China. That is due not least to the high level of demand for green tea. Third and fourth positions are taken by the classic growing countries India (6216 tonnes, a market share of just under 15%) with slight growth, and Sri Lanka (5246 tonnes, 12.6%), whose market share was slightly down for the first time, to about the same level as in 2003. “India and Sri Lanka continue to play a dominant role for us as suppliers of high-quality tea,” noted Spethmann.

India remains largest grower, Kenya has highest export share

All in all, a total of 3,376,013 tonnes of tea were produced worldwide in the year under review – corresponding to growth of 7.2%. Thus tea remains the most popular drink in the world, following water. Some 46% of worldwide tea production went into export. The biggest producer is India – the world famous growing regions of Assam, Darjeeling, Dooars and Nilgiri produced 927,984 tonnes (versus 820,216 tonnes in 2004). Most of that remained in the country, while 180,000 tonnes went into export. Kenya retains first place as exporter – out of a total production of 328,584 tonnes of tea, almost the whole crop (314,559 tonnes) was sold in the world market. The international tea trade is a major economic factor for this African country. The consequences of the long-lasting extreme drought in the region are all the more worrying for the Kenyan tea business, and also for the international markets. Crop failures have already led to significant price rises in Kenyan tea, particularly in the British and American markets.

Tea meets current consumer wishes

Enjoyment on the move, health from a cup, unlimited variety of flavour – there is hardly a current consumer trend that is not met by tea. “Tea has finally put aside its old-fashioned image, and is moving forward to become the trend beverage for the scene”, says Jochen Spethmann, summarising developments in international cities such as Shanghai, Moscow and New York. Tea Lounges have become meeting points for the urban scene, and new ideas come up almost daily for this second-oldest drink in the world. Such as vodka with tea flavour in the United States, or “whisky green tea” in China; the French go for fancy drinks such as tea with pepper and paprika. Black tea with a touch of chocolate is (still) regarded as an insider tip, and ice tea (to an original recipe) and the classic Indian spicy chai are the re-discoveries of recent years.

The German tea trade is confident that it will be able to maintain its position in the future, in this difficult hot beverage market – “We have a reputation for outstanding quality with excellent innovative force, providing the optimum to meet current consumer wishes,” says Jochen Spethmann, summing up the situation. Other factors in the success story include the wellness factor, since tea is low in calories and rich in valuable substances, and the exotic magic of the different countries of origin, helping the tea trade to expand its appeal to include younger consumers in particular.