

Canadian Market Overview

By Louise Roberge, Tea Association of Canada

What is the Tea Association of Canada?

Established in 1954, as the Canadian Tea Council with the founding countries of Sri Lanka and India, the council carried the role of promoting tea consumption to Canadians. Today, as the Tea Association of Canada, we are a not-for-profit association representing the entire tea industry in Canada from bush to cup. Our Mission is to provide proactive leadership on behalf of all members in the areas of advocacy, generic promotion, education and information in order to ensure the long-term viability of the tea industry. We act on behalf of our members who consist of Producing Countries, Importers, Growers, Packers, Allied Trade, Retailers and Tea Sommeliers. Our vision is to be recognized as the leading authority and industry voice on all things tea in Canada amongst all stakeholders.

Our four pillars are government relations, communications, membership services and networking. We ensure industry stability by positively influencing the Federal Legislative Agenda to support the Canadian tea industry's growth. We deliver the "Tea is a Healthy Beverage Choice" message to consumers and promote the benefits of drinking tea. We serve as the number one source of information and research about tea and offering a recognized certified Tea Sommelier program. And finally, we bring together all levels of the tea industry's supply chain to provide networking opportunities through annual conferences, government liaison and events.



Louise Roberge, Tea Association of Canada President

Overview of the Canadian Tea Market

The amount of tea that Canadians drink has doubled in the past few decades. As of 2015, Canadians drink 85 litres per person per year, up from 79.4 litres in 2008, and only 36 litres in 1991! Tea surpassed both soft drinks and bottled water, and is only slightly less than the amount of coffee that Canadians drink. However it's also interesting to note that the average amount of coffee drank by Canadians decreased from the previous year, while tea rose by several litres.

"There are several reasons why tea is gaining share compared to other beverages," says Louise Roberge, president of the Tea Association of Canada (TAC.) "Canadians still love their traditional black tea, but we are more adventurous compared to the UK where black tea is most popular and in the US where people prefer tea cold. Globally, tea is the second beverage after water and many people coming to Canada bring their tea traditions with them."



The NDP Group also tracked Foodservice trends and found that tea consumption is rising during every part of the day- breakfast, lunch, dinner and in the evening! Surprisingly, evening consumption is growing the fastest, up 13% from the year before.

In 2015, the Canadian tea market in Grocery Stores was worth \$426 million (Nielsen)

Total Hot Tea Sales: \$ 225,832,562.

Regular black/green tea: \$80,447,086 (35.6 %)

Specialty tea: \$145,385,476 (64.4 %)

Ice Tea Mixes: \$32,239,390

Ready to Drink (cans and bottles): \$167,838,501

It's clear that specialty tea is the largest with 64.4% of the market share, however it's important to consider that "regular" tea counts as black and green tea only, while there are hundreds of products that fall under the "specialty" tea spectrum. Herbals, different types of tea (like rooibos, chai, white tea, etc,) even flavoured green and black teas are all categorized as specialty tea.

Flavoured Tea is the New Big Thing

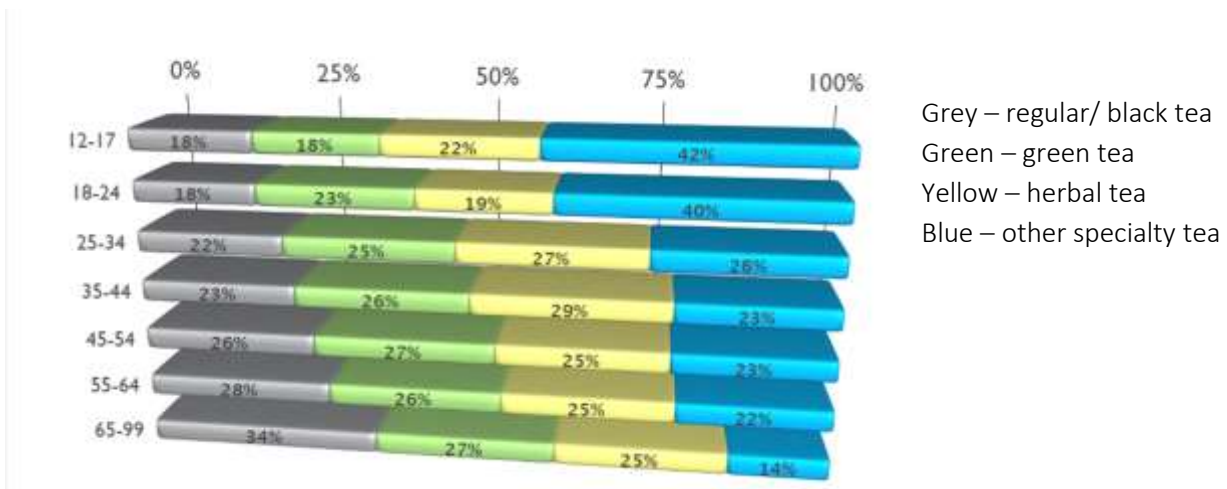
The research indicated that Canadian consumers love sampling new teas before they buy them, which shows that people really are interested in different types of teas! Chai is tea that's been trending and has been increasing in consumption. Studies show that people either love it or hate it, but those who love it become addicted! Now people have been looking for stronger flavours, so manufacturers are putting out spicier blends on the market. Another tea that's been gaining popularity is oolong, which has a flavour in between green and black tea. "Oolong is the next tea that will become popularized and will launch different flavours", Ron Sadler, the Managing Director of Twinings Canada and the Chairperson for the Tea Association of Canada, says.

Other small sub-segments like white tea and rooibos are growing steadily as well. Right now, companies have been putting out tons of new flavours for white tea, the most popular being pomegranate and blueberry. New flavours are getting consumers excited, and manufacturers are rushing to try new things in their tea blends. Long gone are the days when the most exciting thing to be added to a tea blend was cardamom or spices, because now big companies are getting really creative with their teas. Nuts, chocolate and all sorts of other interesting additives are being introduced in tea blends. Some companies create seasonal blends, like pumpkin spiced teas for fall, mint chocolate and candy cane for winter, and more floral blends for summer. These are just some common themes, the blends that companies are producing have endless possibilities and ingredients.

Millennials: They're changing the Canadian Tea Market

It seems millennials are responsible for the spiked interest in new tea flavours. Who are millennials exactly? They are people born between 1981- 1996, ranging in age from 18-33. When Nielsen conducted a study with Canadian consumers of all ages, 55% said they were tea drinkers, meaning they drink at least 1 cup of tea per week. When Nielsen took the data from millennials alone, 64% of said they were tea drinkers, and the age group that consumed the most tea were people aged 20-29.

They are also the cohort that is most interested in specialty teas, leading to preference shifts in the market. People over 65 still prefer their regular black tea, while millennials are more interested in other specialty teas. The graph below shows that the youth really is changing the market, because the focus on black tea in the market is shifting towards “other specialty tea” in the younger demographic.



Not only are millennials changing the preferences of the market, their buying power is growing, so they’re also changing the distribution of retail spending in the market. Since millennials make up a quarter of Canadians, (or roughly nine million people,) in five years, millennials will account for one third of all retail spending in North America. Also, studies show that in the next few years, millennials will double their spending! It doesn’t look like the specialty tea market is slowing down any time soon, so companies are really trying to jump on the trend.

With so many tea companies introducing new flavours and teas, and with the tea market expanding exponentially, retailers must refresh their tea section yearly to keep up with what’s working and what’s new. Studies show that consumers are less worried about the price of tea and more about the type of tea! The most important attribute that consumers look for when picking tea is the type of tea, and then after that the most important attributes, in order, are flavour, brand and finally, price. Despite the fact that price is the least important attribute, consumers still want to get the best value for their tea, which may be another reason why they want to sample it before buying.



Tea Drinker Profile: Millennial Tea Drinkers

Who are they?

- 53% Female
- 42% Urban, 49% Suburban
- Mostly Ontario (45%) and Western Canada (31%)
- 44% in 3-4 person households (44% with kids)
- 45% Light Drinkers

What do they like? Millennial tea drinkers enjoy tea and coffee equally. They like green and black tea equally, and they tend to drink green tea on weekdays. Trying new flavours is something that millennials do often, and because many new blends are made in loose leaf tea, they drink lots of loose leaf!

What are their purchase habits? In terms of tea, they purchase a variety of flavours, types, and brands. As for tea paraphernalia, they purchase loose leaf tea, infusers and travel mugs. 48% of their total purchases are made at grocery or mass merchandise stores, and 15% of their purchases are made at specialty tea shops.

What are their associations with tea? They find tea has directionally stronger associations with health. They also drink tea because it helps them relax, and it helps with sleep and anxiety.

Tea Drinker Profile: All Tea Drinkers in Canada

Who are they?

- 55% Female
- 39% Urban, 46% Suburban
- Mostly Ontario (51%) and Western Canada (26%)
- 35% in 3-4 person households; 33% in 2-person
- 41% Medium Drinkers

What do they like?

Overall, the Canadian public enjoys coffee slightly more than tea. They like black tea more than green tea, and they prefer preparing their tea with tea bags. However, they also try to sample tea before they buy it.

What are their purchase habits?

Canadian tea drinkers like to sample teas, trying new flavours before buying it. They want to ensure that they're getting the tea with the best value for their money. Tea bags, loose leaf tea, and tea gift boxes are popular in Canada, with 59% of total purchases at grocery or mass merchandise stores, and 12% at specialty tea shops.

What are their associations with tea?

Overall, Canadians drink tea for the experience of drinking tea, rather than for its health benefits. They also find that tea helps with relaxation, and it has sleep and anxiety perks.

Tea Drinkers Segmented

35% - Heavy Drinkers

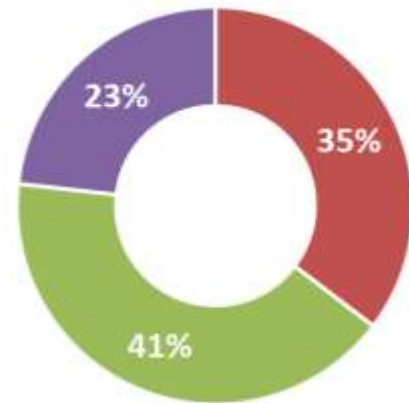
- Individuals who drink 8 or more cups of tea per week
- Average number of cups per week: 14.1
- Older households with no kids
- Tend to be female

41% - Medium Drinkers

- Individuals who drink 3-7 cups of tea per week
- Average number of cups per week: 5.0
- Similar to average respondent in terms of age, income and household size

23% - Light Drinkers

- Individuals who drink 1-2 cups of tea per week
- Average number of cups per week: 1.4
- Younger households
- Tend to be single member households



Consumption Patterns of Canadian Consumers

Nowadays tea is available in practically every restaurant and food establishment. Coffee shops, donut shops, specialty tea shops, plus all sorts of stores now offer tea by itself or with a meal. With such easy accessibility, and with Canadians (particularly millennials,) being busy and on the move all the time, a huge shift towards consuming tea out-of-home is happening! More people have been drinking tea outside their homes than ever before. Now, most out-of-home consumption is taking place at coffee shops and specialty tea stores.

An interesting find in the study was that despite the fact that in-home consumption is decreasing overall, it's actually increasing in the evening, particularly with herbal tea. In fact, there's actually a peak with herbal tea consumption in the evening for millennials, suggesting that millennials view herbal tea as a sleep aid! That explains the 13% increase in evening consumption in the statistics above! That may be another reason why millennials are drinking more tea- they associate tea with health benefits now. They believe that hot tea (excluding herbals) contains anti-oxidants, is all natural, relieves anxiety, helps reduce colds, and helps reduce headaches. Herbal teas, on the other hand, relieve anxiety, and act as a sleep aid.



Which Tea Formats are Most Popular?

Tea bags have been, and are still the most popular, with 94% of people using them. The increase in consumption is surely leading to higher sales and more opportunities to sell tea. Last year alone Canadian

retailers sold \$200 million worth of tea bags! Loose leaf is second most popular, with 61% of people using them, and in third are instant pods at 39% usage. People like tea bags the most because they are sold everywhere and are less expensive than other types of teas. Loose leaf tea remains popular because it's seen as having the highest quality, and steeping the highest quality tea. Pods, on the other hand, are used mainly for their convenience, and to entertain guests.

Communicating the Health Benefits of Tea

One thing that the Tea Association of Canada has been doing to increase consumption in Canada is communicate the health benefits of tea, so that next time people may consider it and choose it over another beverage! The #DrinkTea campaign and Hot Tea Month are two campaigns that the Tea Association of Canada has recently launched, and there is definitely tons of opportunities for Japanese companies to launch similar ones to increase tea consumption.

Drink Tea Campaign #DrinkTea

The Tea Association of Canada launched the Drink Tea Campaign in Canada, recently introduced by The Tea Council of the USA, Inc. The #DrinkTea Campaign is a consumer-friendly, business-friendly, social media-friendly approach to promoting the benefits of tea consumption in the USA and now in Canada.

#DrinkTea is a campaign to support the growing interest in tea within the USA, Canada, and beyond. Positive, informative, messages and imagery are intended to entice more people young and old, to become tea loving consumers. The goal of the campaign is to contribute to and support sustainable growth within the tea industry.

Early stages of the #DrinkTea campaign introduce a series of images along with positive messaging to be used and shared freely by consumers and tea business owners. The campaign images may be placed as-is and without modification in publications, on websites, used in emails, shared via all types of social media channels including but not limited to Twitter, Facebook, LinkedIn, Instagram, Pinterest. A variety of phrases include some focused on health benefits of tea and other seasonal or unique messaging that may be easily swapped out or shared for special occasions throughout the year. It is a fun way to demonstrate a personal passion for tea and a desire to support tea business growth with connection and support of the Tea Association of Canada and its programs that benefit the tea industry overall. "We really like the images and are grateful to the Tea Council of the USA for sharing them with us and allowing us to mirror this important campaign," said Louise Roberge, president of The Tea Association of Canada. The #DrinkTea campaign is the brainchild and handiwork of Gail Gastelu, publisher of The Tea House Times; recently appointed advisory board member to The Tea Association of the USA's Specialty Tea Institute.



Hot Tea Month

The Tea Association of Canada launched a campaign called Hot Tea Month in order to spread awareness of the benefits of drinking a hot cup of tea! Because January is cold in Canada, it was the perfect time to launch the campaign, as it helped consumers stay warm as well! For Hot Tea Month, we shared images on social media with the emphasis of Hot Tea Month.



Tea Association of Canada's Tea Sommelier® Certification Program

If you're interested in learning more about tea, the Tea Association of Canada offers tea courses and a certification program! For the first time, a comprehensive course, offered by and supported by industry, is available that begins to put a dent in the education of tea. There are many courses throughout the world that are and have been offered by private companies. The Tea Association of Canada Certified Tea Sommelier Program however, is the only program, internationally, that is offered by the collective industry.

The certification is a continuing education program that requires intense dedication! This program takes students through an introduction to tea, history, processing methods, tea regions, tea types, agricultural practices, menu design, food pairing and cooking with tea as well as tea ceremonies, social practices and the overall business of tea from importers to packers and retailers.

Each module includes an evaluation process that consists of a presentation, a written examination, and a blind cupping. The certification is then earned with a final examination made up of a tea preparation, an oral presentation, a written examination and a blind cupping. It is demanding and it is intensive. It is all of these things, because one of the critical aspects for us in creating this program, was for it to have significance. For it to be meaningful and for it to be respected as an accreditation within the industry.

What makes someone a Tea Sommelier?

A certified TAC TEA SOMMELIER Professional® is someone who has mastered an understanding of the tea industry in regards to tea types, production methods, tea preparation, history, food pairing, etc. I think that a person holding this designation not only has a knowledge of these aspects of tea, but is also able to effortlessly communicate it to the consumer/guest.

How long has the Tea Association of Canada been educating aspiring tea sommelier?

We began the program in the early 2000s, but to me it sometimes feels like yesterday that we started, and other times...a lifetime...because of all that we have accomplished with it. From starting with just one college to expanding to colleges from the east coast to the west coast and then taking it online.

Who should be interested in pursuing this career?

We have had students from all walks of life over the years. From people who are interested in advancing their knowledge of tea to those that are looking for a second career, or even starting a whole new career in the tea industry. I do believe however, that this is a course that the hospitality industry needs to pay attention to as well. Consumers are looking for more knowledge on the products they consume in restaurants – and having an in-house expert is an added element to any establishment.

Why do you believe the tea industry needs certified professionals?

Tea is a complex subject, with a long history as well as tea growing regions that span the globe. It's important, as consumers look for more information on a product, that they are being given information that is consistent.

Can you share some of the opportunities that have been presented to graduates from the Tea Association of Canada's program?

Many of our graduates have pursued a career in the tea industry – working for existing tea companies for example, making appearances on television programs as tea experts and consulting. What I think is truly exciting however, is the number of our graduates that have gone on to thriving entrepreneurship – starting their own businesses and committing to their passion in tea.

Overview of the online courses available:

TEA101: provides an introduction to the history of the origin of tea; you will learn how to differentiate the types of tea as well as the tea grading standards used in the industry. You will also be initiated to the basics of tea terminology and proper cupping techniques.

TEA102: examines in detail the principal tea-growing regions of the world. Develop a fundamental understanding of tea—its evolution and its influence on culture and world events.

TEA103: Covers how we taste – what do we rely on – what errors should we be aware of. The tea taster’s vocabulary will be covered as well as tastings of various products such as chocolate, water, etc. to identify and fully understand the science of taste.

TEA104: covers the types of teas produced in different regions/countries in the world. Tasting and style comparisons will be a major component of this section.

TEA105: designed to introduce the student to advanced cultivation and processing practices used in the production of tea.

TEA106: covers the health of tea: what are the health benefits, myths and facts. Taste and evaluate teas that are representative of each region.

TEA107: explores the various nuances of using tea as an ingredient—cooking, baking, cocktails etc. In this course, you will understand the principals behind using tea beyond its traditional uses as well as how to pair tea with food and create the perfect tea menu.

An excerpt from TEA107:

Tea and chocolate are excellent companions that bring out the best in one another. Here are some unique pairings that are sure to please the most refined of tastes.

TEA	CHOCOLATE
Assam	Milk Chocolate
Genmaicha	White Chocolate
Earl Grey	Fruit Chunk Chocolate
Jasmine	Citrus Chocolate
Matcha	White Chocolate
Pu-erh	Dark Chocolate

TEA108: learn about the various layers that make up the tea industry—commodity trader and auctions, packers and retailers. Who are they, what do they do and what are the challenges faced in each sector.

If you would like to learn more information about the Tea Association of Canada, the TAC Tea Sommelier Certification Program, tea health, or anything else that has been mentioned in this article, go to www.tea.ca!