

ON-PREMISE TEA AND DAIRY DRINK – CHINA – 2024

The leading brands in the on-premise tea and dairy drink market have sized up, and a competitive landscape made up of one superpower challenged by multiple great powers is taking shape. The rise of segments such as 'light tea', yogurt drinks and coconut drinks has added to the boom, but also intensified competition.



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Report Content

EXECUTIVE SUMMARY

Key issues covered in this Report

- Definition
- What you need to know

The market

- The on-premise tea and dairy drink category will maintain its momentum amid the recovery in foodservice
- Market factors

Companies and brands

- Brand concentration is increasing, with leading brands growing to considerable sizes
- Marketing activities
- New product trends
- Examples of products that reflect these trends

The consumer

- More consumers prefer freshly squeezed juice and yogurt drinks
 - Graph 1: on-premise tea and dairy drink consumption trends, 2024
- RMB16-20 remains the most suitable price band for on-premise tea and dairy drinks, but polarisation is occurring
 - Graph 2: price range, 2023 and 2024
- Strengthen links between on-premise tea and dairy drinks and drinking occasions to develop unique advantages
 - Graph 3: consumption occasions, 2024
- Focus on new tea base varieties while ensuring consistent quality, with fruit remaining ripe for innovation
 - Graph 4: preferred tea base, 2024
 - Graph 5: product innovation, 2024
- Co-branding campaigns based around traditional Chinese culture remain highly popular with consumers
 - Graph 6: co-branding interest, 2023 and 2024
- Four major groups of tea consumers

Issues and insights

What we think

THE MARKET

Market size and forecast

- After a year of recovery, future growth prospects remain positive

Market factors

- The foodservice industry recovers and eating out continues to grow
- Diversified tea base ranges provide inspiration for product innovation, while official certifications ensure product quality
- On-premise tea and dairy drink brands size up by franchising and building supply chains
- On-premise tea and dairy drink brands are going global to accelerate growth
- Dairy brands join the fray
- On-premise tea and dairy drink brands can leverage their management systems to sprint ahead

COMPANIES AND BRANDS

Market share

- Market concentration is growing, with a landscape dominated by one superpower and challenged by multiple great powers beginning to form

Marketing activities

- Inviting consumers to co-create products deepens engagement
- Harnessing the power of celebrity to further strengthen brands' leading positions
- Film, esports, animation... co-branding activities proliferate
- Emphasising the 'handcrafted' concept to enhance the consumer experience

New product trends

- Evolution of tea bases, fruit and dairy
- Display 'nutritional choice' labels to reinforce consumers' impression of a focus on nutrition
- Yogurt base drinks are gradually broadening into an emerging segment
- Coconut elements are gaining traction in on-premise tea and dairy drink products
- Create tasting buzz with 'limited-region' launches

THE CONSUMER

Consumption trends

- Freshly squeezed juice and yogurt drinks are more popular with consumers
 - Graph 7: on-premise tea and dairy drink consumption trends, 2024
- The incorporation of yogurt and coconut diversifies freshly prepared drinks
 - Graph 8: consumption trends – coconut-based drinks (e), by city tier, 2024

On-premise Tea and Dairy Drink – China – 2024

- Graph 9: consumption trends – yogurt (d), by city tier, 2024
- The gender gap in on-premise tea and dairy drinks is gradually shrinking
 - Graph 10: on-premise tea and dairy drinks segments by market penetration – "have bought more", by gender, 2024
- Brands can continue to hook in consumers with higher household incomes using tea lattes and coconut-based drinks
 - Graph 11: on-premise tea and dairy drinks – "have bought more", by monthly household income, 2024
- Freshly made tea accounts for a significant share of tea drink consumption
 - Graph 12: tea drink consumption frequency, ranked by proportion of moderate drinkers, 2024
 - Graph 13: tea drink consumption frequency, 2024

Price ranges

- The principal retail price range of freshly made drinks remains stable at RMB16–20, but there is a trend towards polarisation
 - Graph 14: price range, 2023 and 2024
- Consumers in Tier 2 cities are more willing to buy on-premise tea and dairy drinks for RMB21–25
 - Graph 15: price range, by city tier, 2024
- Personalised products or options can help expand the room for premiumisation
 - Graph 16: product innovation, by select price ranges, 2024

Consumption occasions

- New product development and channel expansion can flow from key consumption occasions
 - Graph 17: consumption occasions, 2024
- Emerging on-premise tea and dairy drink segments can establish unique advantages by adapting to different consumption occasions
 - Graph 18: select consumption occasions, by consumers who spend more in select segments, 2024
- Catering to younger men's on-premise tea and dairy drink needs before and after sports and at business meetings
 - Graph 19: select consumption occasions, by gender and age, 2024

Product innovation

- Tea base segmentation and continuous quality improvements have become the cornerstone of product optimisation
 - Graph 20: preferred tea base, 2024
- Harness traditional toppings and options to give consumers a sense of security while trying new products
 - Graph 21: interest in ingredients, 2024
 - Graph 22: interest in ingredients, by consumers who spent more in select categories, 2024
- Fruit can be a creative starting point for product development
 - Graph 23: product innovation, 2024
 - Graph 24: select product innovations, by gender and age, 2024
- Freshly brewed tea bases are also worthy of attention
- Leveraging Tier 2 cities for product and business pilots
 - Graph 25: product innovations, by city tier, 2024

Interest in co-branding

- The importance of 'substance' in on-premise tea and dairy drinks is highlighted
 - Graph 26: co-branding interest, 2023 and 2024
- Lower tier consumers are attracted to more varied co-branding campaigns
 - Graph 27: co-branding interest, by city tier, 2024
- Co-branding activities with exquisite, soothing or anime elements can effectively boost product prices
 - Graph 28: co-branding interest, by select price ranges, 2024

Consumer segmentation

- Four major groups of tea consumers
 - Graph 29: consumer segmentation, 2024
- Who are they?
- Overview of demographic distribution
- Focus on demand to eat out among milk tea devotees and pure tea heads
 - Graph 30: select consumption occasions, by consumer segment, 2024
- Milk tea devotees are more adventurous
 - Graph 31: product innovations, by consumer segment, 2024
- Co-branding with traditional Chinese and local features attract pure tea heads
 - Graph 32: co-branding interest, by consumer segment, 2024

ISSUES AND INSIGHTS

Amid the trend for diverse ingredients, redefine the on-premise tea and dairy drink category to transcend traditional boundaries

- Freshly made milk tea has a large audience, and new segments are contributing to the market's boom
- Research and development can transcend existing models and create new 'undefinable' categories
- Ingredients and special features can be a new departure point

Starting with sports occasions, incorporate on-premise tea and dairy drinks into consumers' active lifestyles

- To create and enhance on-premise tea and dairy drinking occasions, start with sports
- On-premise yogurt brands have long established a presence in sports occasions...
- ... and there is similar potential for coconut and tea drink brands

Reinterpret local culture: blend multiple elements horizontally or drill down vertically into local specialities

- Fine-tune marketing plans and products based on traditional and local culture
- Multiple elements enrich co-branding campaigns to help shape a three-dimensional brand image
- The marketing concept must be consistently reflected in the final product
- Ah Ma Handmade's marketing text and Chengdu-only products for its launch in the city

APPENDIX – MARKET SIZE AND FORECAST, RESEARCH METHODOLOGY AND ABBREVIATIONS

- Market size and forecast
- Methodology
- Abbreviations and definitions

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