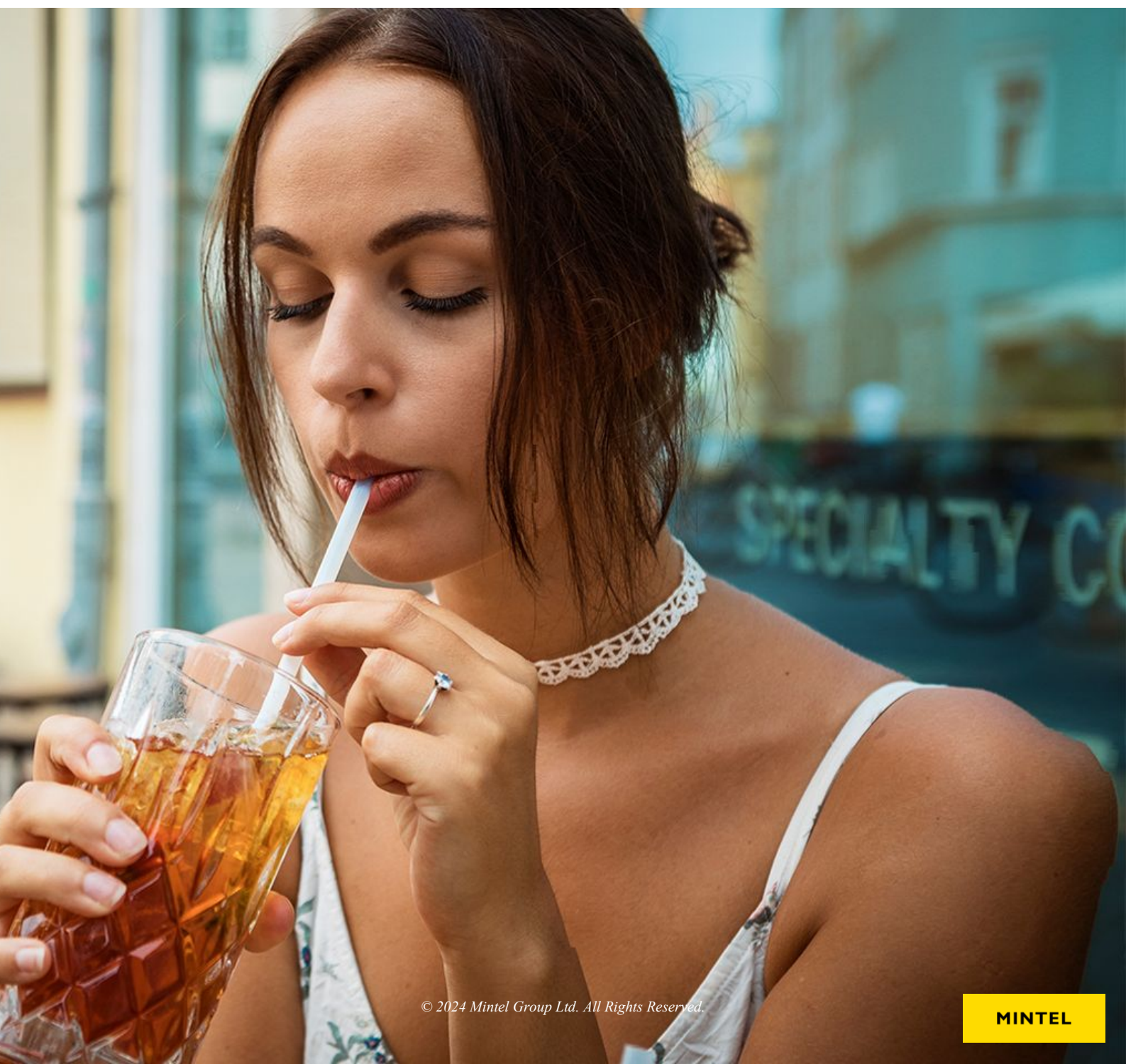


# RTD ICED TEA & FLAVOURED BOTTLED WATER – GERMANY – 2021

As consumers increasingly focus on health post-COVID-19, RTD iced teas and flavoured waters need to stake a claim as healthier alternatives to sugary soft drinks.



Heidi Lanschützer, Deputy Research Director, Germany



# Report Content



## EXECUTIVE SUMMARY

- Mintel's perspective

### Impact of COVID-19 on RTD iced tea & flavoured bottled water

- COVID-19 brings sales losses for RTD iced tea and flavoured water
- COVID-19's impact on RTD iced tea & flavoured water and German consumer behaviour

### Market context

- COVID-19 makes the soft drinks market even more competitive
- Sugar content needs addressing to widen product appeal

### Mintel predicts

- Market size & forecast following COVID-19 outbreak: RTD iced tea
- Market size & forecast following COVID-19 outbreak: flavoured water
- Improving health credentials will deliver sales growth
- RTD iced tea volume sales forecast to increase by 10% from 2020-25
- Flavoured water volume sales expected to plateau

### What consumers want and why

- Consumers want: healthy options
  - Graph 1: consumers who agree flavoured water or RTD iced tea are healthy drink options, by age group, January 2021
- Consumers want: healthy options
- Consumers want: natural ingredients
- Consumers want: less-sweet flavours
  - Graph 2: interest in unsweetened flavoured water and RTD iced tea, January 2021

### Opportunities

- Scope to provide more functional benefits
- Relaxation and digestive health also have potential
- Immunity support is high on consumers' radar
- Flavourings for soda makers

### The competitive landscape

- Private label leads for value and volume sales of RTD iced tea
  - Graph 3: retail market shares of RTD iced tea, by value and volume, 2020
- Private labels have a far greater volume than value share of flavoured water sales
  - Graph 4: company retail market shares of flavoured water, by value and volume, 2020

- Quick download resources

## MARKET DRIVERS

- Ongoing lockdown
- The impact of COVID-19 on the German economy
  - Graph 5: key economic data, in real terms, 2019-2022
- How a COVID-19 recession will reshape the industry
- Highly competitive marketplace
  - Graph 6: types of soft drinks drunk in the last three months, 2019, 2020 and 2021
- Consumers become more sugar-conscious
- Mintel Trend: Rethink Plastic
- Brexit: some disruption for German trade will be inevitable (updated on 26 Jan)

## WHAT CONSUMERS WANT AND WHY

### Impact of COVID-19 on consumer behaviour

- COVID-19 places the emphasis on health
  - Graph 7: agreement that RTD iced tea and flavoured water are healthy drink options, by gender, January 2021
- Offer healthy drink options

### Consumption of RTD iced tea and flavoured water

- RTD iced tea and flavoured water appeal to younger drinkers
- Flavoured water has higher consumption than RTD iced tea
  - Graph 8: frequency of drinking flavoured water and RTD iced tea in the last three months, January 2021
- Older drinkers drink flavoured water most often
- Frequency of drinking flavoured water
  - Graph 9: frequency of drinking flavoured water in the last three months, by age group, January 2021
- Frequency of drinking RTD iced tea
  - Graph 10: frequency of drinking RTD iced tea in the last three months, by age group, January 2021
- Sparkling flavoured water is overall more popular than still
  - Graph 11: types of flavoured bottled water drunk in the last three months, by age, January 2021

### Factors that would encourage non-drinkers to drink flavoured water or RTD iced tea

- Attract new users with low-sugar options
  - Graph 12: factors that would encourage non-drinkers to drink flavoured water or RTD iced tea, January 2021
- Low-sugar, less-sweet options would attract younger non-users
  - Graph 13: non-drinkers who would be encouraged to drink flavoured water or RTD iced tea if it contained less sugar, by age, January 2021

## RTD Iced Tea & Flavoured Bottled Water – Germany – 2021

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- Graph 14: non-drinkers who would be encouraged to drink flavoured water or RTD iced tea if it didn't contain artificial sweeteners, by age, January 2021

- Lower the sugar content
- Expand range of less-sweet flavours
- Focus on naturalness

- Graph 15: non-drinkers who would be encouraged to drink flavoured water or RTD iced tea if it was made with all-natural ingredients, by gender and age, January 2021

### Interest in RTD iced tea and flavoured water innovation among non-users

- Less-sweet drinks are appealing
  - Graph 16: consumer interest in select flavoured water and RTD iced tea innovation, January 2021
- Increase appeal to women with unsweetened versions
  - Graph 17: interest in unsweetened flavoured water and RTD iced tea by gender and age, January 2021
- Offer immunity support
  - Graph 18: interest in immune-supporting flavoured water and RTD iced tea, by age, January 2021
- Trade on tea's energising reputation
- Expand into flavoured energy waters
- Trade on kombucha's gut health benefits
- Stress-relieving drinks are timely
  - Graph 19: interest in flavoured water and RTD iced tea with stress-relieving ingredients, by age, January 2021
- Position sparkling RTD iced tea as a healthier option
- Promote sustainability credentials

### Interest in RTD iced tea and flavoured water concepts

- Consumers want interesting new flavours
  - Graph 20: flavoured water and/or RTD iced tea concepts that would appeal to consumers, January 2021
- Appeal to younger drinkers with flavoured water innovation
  - Graph 21: flavoured water concepts that would appeal to consumers, by age, January 2021
- Flavour innovation is crucial for water brands
- Flavoured waters as alcohol mixers
- RTD iced tea innovation appeals mostly to younger adults
  - Graph 22: RTD iced tea concepts that would appeal to consumers, by age, January 2021
- Take inspiration from speciality and herbal teas
- Cold-brew RTD iced teas are premium and natural

### Attitudes towards RTD iced tea and flavoured water

- Natural flavourings are preferred
  - Graph 23: select attitudes towards flavoured water and RTD iced tea, January 2021
- Highlight the fruit/fruit juice content

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- RTD iced teas need a healthy overhaul
  - Graph 24: agreement that flavoured bottled water is a healthy drink option, by age, January 2021
  - Graph 25: agreement that RTD iced tea is a healthy drink option, by age, January 2021
- Add a health boost with fortification

## LAUNCH ACTIVITY AND INNOVATION

- Danone Waters leads NPD in a fragmented market
  - Graph 26: leading companies for NPD in RTD iced tea/flavoured water\*, 2017-20
- Vegan and organic claims go head-to-head
  - Graph 27: RTD iced tea/flavoured water\* NPD by leading claims, 2017-20
- Lemon remains popular
  - Graph 28: RTD iced tea/flavoured water\* NPD by top 10 flavour components, 2017-20
- Use juice for a natural image
  - Graph 29: RTD iced tea/flavoured water\* NPD by top five fruit juices used, 2020
- RTD iced teas with herbs and spices for a less-sweet taste
- Average sugar content declines
  - Graph 30: RTD iced tea/flavoured water\* NPD by average sugar content, 2017-20
- Reducing the sugar content
- Tailor drinks for less-sweet, less-sugary tastes
- Naturalness is key
- Younger consumers want to see ethical credentials
- Keep packaging ethical
- Cans and board packaging is recyclable
- Drinks with an energising effect
- Monster blurs boundary between RTD iced teas and energy drinks
- Trade on tea's soothing qualities

## MARKET SHARE

- Brands become more dominant in both categories

### Germany: company retail market shares of RTD iced tea, by value and volume 2019-20

- Private label's share of RTD iced tea sales falls in 2020...
- ...in both value and volume terms

### Germany: company retail market share of flavoured water, by value and volume, 2019-20

- Danone has a strong position for value sales of flavoured water...
- ...while private label has a commanding lead for volume sales

## MARKET SIZE AND FORECAST

### Market size and forecast – RTD iced tea

- RTD iced tea to benefit from long-term focus on health
- RTD iced tea value sales forecast to increase by 13% from 2020-25
- Market size and forecast – value
- RTD iced tea volume sales forecast to increase by 10% from 2020-25
- Market size and forecast – volume

### Market size and forecast – flavoured water

- Flavoured water is more at risk from BFY innovation by CSD brands
- Flavoured water value sales show a small decline from 2020-25
- Market size and forecast – value
- Flavoured water volume sales expected to plateau
- Market size and forecast – volume

## APPENDIX

### Appendix – products covered, abbreviations, consumer research methodology and language usage

- Products covered in this Report
- Abbreviations
- Consumer research methodology
- A note on language

### Appendix – market size and forecast

- Forecast methodology
- Forecast methodology – fan chart
- RTD iced tea fan chart forecast – value
- Market size and forecast – RTD iced tea (value) – best and worst case
- RTD iced tea fan chart forecast – volume
- Market size and forecast – RTD iced tea (volume) – best and worst case
- Flavoured water fan chart forecast – value
- Market size and forecast – flavoured water (value) – best and worst case
- Flavoured water fan chart forecast – volume
- Market size and forecast – flavoured water (volume) – best and worst case

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