

Use BOTH information from extract and appendices

7

Structure:
• YES
• NO
• Conclusion

Do not write outside the box

0 1 . 5

To what extent does the information provided suggest that now is a good time to launch a new brand of tea?

NPd - T3 Marketing

[16 marks]

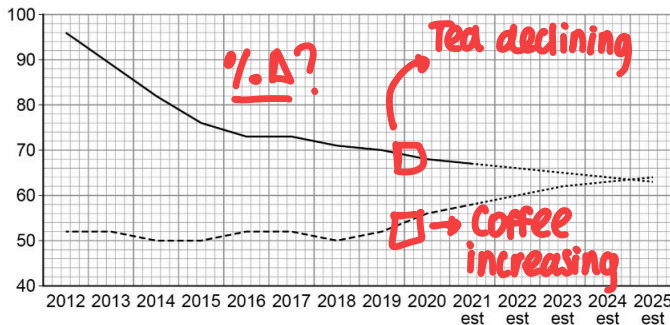
0 1 Read the information below and then answer the questions that follow.

The UK tea market

Tea drinking in the UK is declining as younger customers choose alternatives such as coffee. Extrapolation of the annual sales suggests that coffee will outsell tea in the UK by 2025.

Within the overall tea market traditional black tea still dominates sales. However, a 'health tea' niche made up of fruit, herbal and green teas is growing. This niche has benefitted from its association with wellbeing.

Appendix A Annual sales volume of black tea and coffee (million kg), UK (actual sales 2012–2020; estimated sales 2021–2025)



Key

— Tea
----- Coffee

Appendix B UK tea brands 2019

Rank	Brand	Annual Sales (£m)	% change	Type of tea in range
1	Twinnings	108	+3.8	Black and health tea
2	PG Tips	99	-7.2	Mainly black, with small new health tea range
3	Taylors (including Yorkshire Tea)	98	+5.0	Black and health tea
4	Tetley	90	+0.4	Mainly black but some health tea
5	Pukka	23	+15.4	Organic and ethical black and health teas
	Other tea brands	144		

Appendix C Price elasticity of demand data

Type of tea	Price elasticity of demand
Black tea	-1.2
Health teas	-0.5

Inelastic

Elastic

Turn over for Appendix D

Appendix D Selected data from recent market research survey

How often do you drink black tea? (% of respondents)			
	Overall	Age 18–24	Age over 65
Several times a day	42	25	56
Once a day	15	16	16
2–3 times per week	10	14	5
Occasionally	12	17	7
Never	21	28	16

Do you drink health tea? (% of respondents)	
	Yes
Female	32
Male	19

How important is it that the tea you buy is ethically sourced, eg fair trade? (% of respondents)	
Important	62
Not very important	26
Not at all important	12

Popular with older demographic

Alternatives to black teas:

- Organic fruit teas
- Peach and lemon teas
- Matcha? *
- Yerba Mate
- Chai?
- Spiced teas

young consumers don't like black tea as much

Health teas more popular amongst females

Increase in ethically conscious consumers

* Pick a point and tie

Turn over ►



0 7

IB/G/Jun22/7132/2