This report from Beverage Marketing Corporation examines the total U.S. tea market with a focus on ready-to-drink tea. It provides data on regional markets as well as leading companies and brands. RTD tea packaging, distribution, advertising expenditures and demographics are discussed in detail. The report also projects the market five years into the future. Also covers kombucha.
The answers you need

*U.S. Ready-to-Drink Tea through 2019* provides in-depth data and market analysis, shedding light on various aspects of the market through reliable data and discussions of what the numbers really mean. Questions answered include:

- What are the latest trends behind RTD tea’s performance in the U.S. market?
- How many gallons of RTD tea did U.S. residents consume in 2014 and the early part of 2015?
- What is the latest news regarding organic tea?
- How has RTD tea fared in comparison with the broader New Age beverage category?
- How has the RTD tea packaging mix changed in recent years?
- What are the principal distribution channels for hot and RTD tea?
- Which price segment of RTD tea will grow the most to 2019?

This report features

*U.S. Ready-to-Drink Tea through 2019* offers an in-depth look at the category, companies and brands shaping the RTD tea market and the market drivers impacting current and anticipated growth through 2019. It provides perspective on the segment and its many facets, providing sales and volume statistics including total-market retail dollar sales, wholesale dollar data and volume data. Through a combination of discussion backed by Beverage Marketing’s reliable, all-sales-channel-inclusive data, users get a thorough understanding of all facets of the RTD tea market including:

- Discussion and dollar sales of the New Age beverage market, as well as volume and dollars for the various tea segments and analysis of U.S. and global tea trends.
- An overview of the New Age market, as well as diet vs. regular RTD tea trends, pricing and per capita consumption. Quarterly RTD tea market growth data is also provided
- A look at the tea market by price segment, breaking out five tiers from regular and fountain through superpremium
- Detailed profiles and analysis of the leading companies and brands, discussions of their marketing activities and distribution strategies as well as company and brand sales volume data. Coverage includes Pepsi-Lipton Tea Partnership, Coca-Cola Company, Dr Pepper Snapple, Ferolito, Vultaggio & Sons and others
- A look at wholesale dollar sales and case volumes for leading RTD tea brands including Arizona, Lipton, Gold Peak, Peace Tea, Honest Tea, Turkey Hill, Milo’s, SoBe, Mistic, La Nature, Crystal Light, New Leaf and more
- Regional consumption patterns of RTD tea volume, as well as regional breakdowns of wholesale dollar sales and regional per capita consumption
- A look at hot-fill and cold-fill trends and volume by package type, including plastic, cans, glass and paperboard carton
- Data detailing volume by key distribution channels totaling 100% of market volume
• An overview of the kombucha and organic tea markets

• Advertising expenditures of the leading RTD tea and hot tea companies and a look at category spending by media type (including Internet and Spanish-language network advertising)

• Consumer demographic profiles comparing consumers of key RTD tea brands

• Data on green and black tea imports and exports

• Five-year projections for the overall tea market as well as RTD tea and its sub-segments
U.S. Ready-to-Drink Tea through 2019
September 2015

NOTE: The information contained in this report is confidential and solely intended for the benefit of the immediate recipient hereof.
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One of the main dividing lines in the RTD tea industry was between hot-fill, premium teas and popular, cold-fill teas.

- The hot-fill teas enjoyed a perception of better taste and premium positioning while cold-fill teas enjoyed a price advantage and widespread availability. While cold-fill entries took over the lead in the 1990s, hot-fill brands regained the lead in the early 2000s.

- However, to this day, hot-fill products create expense and complexity that make them an uneasy fit with the established systems of the major soft drink marketers and their bottlers. That said, the big beverage companies have been building in more of their own hot-fill capacity and learning to adapt to the complexities of offering all-natural products as a greater part of their mix.

- The distinction between glass and plastic started to wane when RTD tea marketers such as Snapple and Arizona and Coca-Cola began to use plastic packages for their hot-fill products. Plastic has several advantages – i.e., portability and unbreakability – vis-à-vis glass. That is not to say that glass has been abandoned. Snapple packages most of its volume in glass even as it introduces plastic packages. Arizona also has a healthy business in glass although it is believed that a majority of its volume is now in plastic and other materials.

- Even distinguishing what is premium and what is not is becoming more difficult. For example, Arizona was once classified as premium, but is now considered part of the regular RTD tea segment since many of its products – such as the gallon size – sport a relatively low unit price.

Specialty teas such as green tea, herbal tea and chai that have provided verve to the hot tea market, have also found their way into the RTD tea segment. These so-called superpremium teas emerged in part to fill a vacuum in the existing marketplace.

- Green tea has a more healthful image than black tea, a fact recognized by Arizona when it released its line of green teas, which are among the company’s most successful products.

- As in other beverage segments where consolidation has taken place, new RTD tea entrants may need to find an unfulfilled niche in an attempt to differentiate themselves.
Exhibit 2.21

THE NATIONAL RTD TEA MARKET
SHARE OF VOLUME BY PRICE SEGMENT
2009 – 2019(P)

<table>
<thead>
<tr>
<th>Segment</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2019(P)</th>
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</thead>
<tbody>
<tr>
<td>Regular</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Premium</td>
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<tr>
<td>Popular Priced</td>
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<td></td>
</tr>
<tr>
<td>Fountain</td>
<td></td>
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<tr>
<td>Super Premium</td>
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<tr>
<td><strong>TOTAL</strong></td>
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</tr>
</tbody>
</table>

(P) Projected

Source: Beverage Marketing Corporation

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RTD TEA PRICES RISE
(Wholesale dollars per case, 2009 - 2019(P))

(P) Projected

Source: Beverage Marketing Corporation