



NEW PRODUCTS, TRENDS, AND INNOVATION

# BEVNET®

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## GROVE TO GLASS

CITRUS FLAVORS SOAR FOR CRAFT

**HOW HIGH FOR HINT? 10 YEARS IN AND SOARING**

**HEALTH BENEFITS MAKE MATCHA A FORCE**

**2016 FUNCTIONAL BEVERAGE GUIDE**

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Hoagland concurs. Ito En's Matcha Love, a brand promoted as "a modern take on an ancient ritual" markets several RTD beverages and a line of powders, including four "ceremonial grade" products ranging from light- to full-bodied, as well as a culinary matcha that is designed for cooking. Hoagland believes that matcha's functional benefits, first and foremost, are propelling sales of ceremonial grade powders.

"For the powders, it really is driven by the fact that matcha is so nutrient-dense and has so many health benefits," Hoagland said, adding that sales of Matcha Love powders grew by triple-digits in 2015, after a slow buildup over a period of years. While "there's still an enormous amount of education that's going on," it's become easier to reach and convert new consumers by sharing research studies that demonstrate the benefits of matcha, he said.

"It started with people who are aficionados, and it continues to grow and grow and grow," he said.

Aiding that growth in some cases is the addition of sugar or other flavors to help consumers meet the product in the middle; both Ito En and Jade Monk have sweeter matcha-based drinks, and play with flavor varieties as well.

#### BRAND BUILDING

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Jade Monk co-founder Derek Pippin said that, with new articles and reports on matcha appearing on a regular basis, the company has been able to reduce time spent on educating consumers. As a result, the company can focus on innovation and branding, creating new delivery forms for matcha, including added flavor varieties and single-serve "stick packs." That's also opening up new channel opportunities.

"As matcha continues growing in popularity, our product line has garnered interest from mainstream grocery and mass retailers alike," Pippin said, adding that lightly sweetening his products has helped to broaden brand appeal.

Jade Monk is not the only company that sees growing opportunity in single-serve offerings. In 2014, premium tea supplier Aiya

America launched Matcha To Go, a line of individual packets containing 4 grams of matcha. Sold in packs of 10, they're designed to be mixed with 6-8 oz. of hot water or 16 oz. of cold water.

Last year, Teavana introduced its Matcha Singles line, which are made with USDA Certified Organic Imperial Grade matcha. Teavana promotes the instant brew packs – which can be blended with hot or cold water – as giving consumers the option to "live brighter with our mix & serve matcha by your side."

Meanwhile, The Republic of Tea is attempting to take advantage of both the growing demand for matcha and sustained consumer interest in cleanses with a new addition to its U-Matcha line. Blending the tea powder with activated bamboo charcoal, U-Matcha Charcoal is designed to "cleanse the digestive system by binding to and removing toxins from our body," according to the company.

As more matcha products come to market, Hoagland believes that the competition for share will be dependent on brand recognition. Ito En has invested in marketing initiatives on social media as well as sampling events, all of which is important for building education of matcha, and, most importantly, expanding awareness of Matcha Love.

"It starts with the brand," Hoagland said. "There's a lot of matcha powders that are out there. It's a little bit intimidating for consumers and that's why we really created the Matcha Love brand, to make matcha more accessible. We tried to make it easier for consumers to, number one, understand what ceremonial grade matcha is, and then what the differences are and what best fits their usage occasion."

Ito En is also leaning on longstanding relationships and marketing collaborations with key retailers to enhance Matcha Love's shelf presence and marketing efforts. Hoagland specifically praised natural grocer Sprouts, which has employed

social media, point-of-sale vehicles and its newsletter to educate its customer base about matcha. Hoagland sees the initiatives as driving interest for matcha beyond the natural channel, something Ito En saw firsthand at the 2016 Winter Fancy Food Show.

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# GRASSY GOODNESS

Health Benefits Make Matcha a Force

by Ray Latif

Traditionally made from shade-grown green tea, matcha is having its moment in the sun.

A nutrient-packed powder, matcha, whose history is steeped in centuries-old, intricate Japanese tea ceremonies, is created using green tea leaves that are de-veined, dried and ground up. Unlike most brewed tea, matcha is wholly ingested and said to provide a higher concentration of antioxidants, fiber and vitamins. It's also valued for a coveted umami flavor and moderate caffeine content.

Among today's health-focused consumers, matcha is surging in demand, and beverage companies are responding with new matcha-infused products, including juices, teas and sodas. Others are leading with matcha as the primary ingredient.

While ready-to-drink matcha beverages are growing through the offer of convenience and immediate refreshment, matcha is also growing in its original, powdered format. There are a rising number of consumers who buy packaged matcha powder for at-home preparation, often supplanting morning coffee for morning matcha, and suppliers are also coming up with formats that allow for easier on-the-go preparation.

Not just startups but established companies, including The Republic of Tea, Japanese tea giant Ito En, and Starbucks-owned Teavana have consistently added new matcha powder offerings to their portfolios.

According to 2015 report published by Sage Group, a research firm focused on the business of specialty tea, U.S. retail sales of matcha powder rose by 55 percent in 2014. The report

cited the "uniquely synergistic dose of L-Theanine [an amino acid known for its calming effects] and caffeine" as "the best testament to why Matcha is winning new fans daily."

While sales are growing fastest in the natural and specialty retail channel, Jim Hoagland, the COO of Ito En North America, said that mainstream grocers are chomping at the bit to carry matcha. Sage Group founder Brian Keating noted in the report that "virtually every distribution channel and product type is experiencing growth and matcha is now among the leading teas in terms of growth, demand and popularity."

"If you're considering getting involved with Matcha, your moment is right now," Keating said. "In 20 years of analyzing the tea industry it is clear matcha is not a passing fad, but a major trend with long term viability."

## A LONG ROAD TO POPULARITY

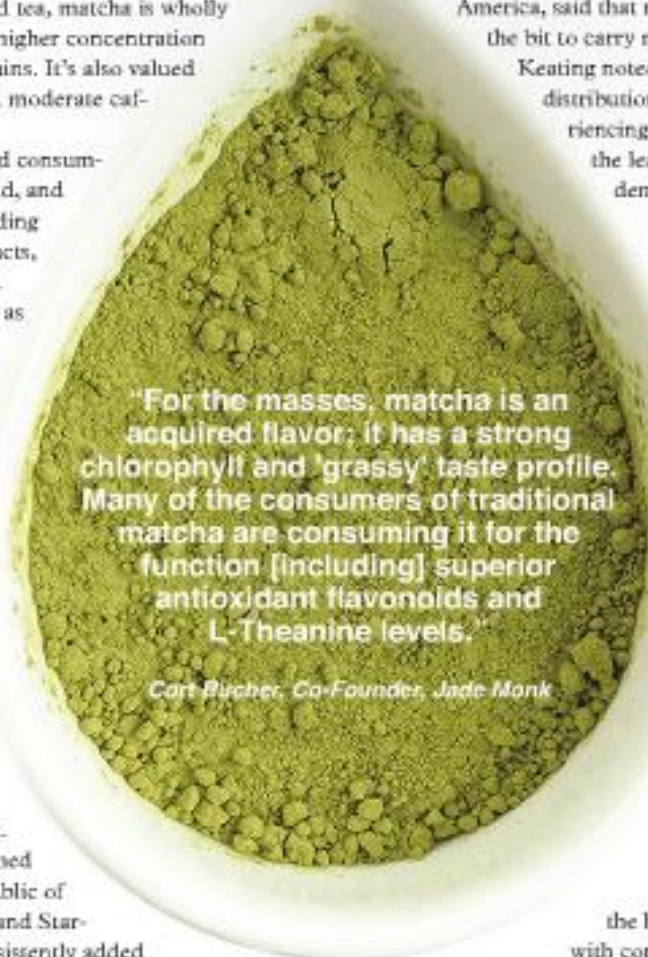
But matcha has been around for years, and companies have introduced products ranging from matcha lattes to more traditional ceremonial blends. So what lit the match for matcha to enjoy this moment, and to allow it to become such a growing part of the powdered drink universe? How did its popularity grow?

Brand owners ascribe much of it to the healthy aura of the product aligning with consumer needs as allowing the product to overcome its challenging taste.

"For the masses, matcha is an acquired flavor; it has a strong chlorophyll and 'grassy' taste profile," said Coert Bucher, the co-founder of Jade Monk, a producer of matcha drinks and

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