Why Are Tea Brands Struggling?

From the teas.co.uk wiki

> **The short version:** Why tea brands struggle: declining black tea volumes, cost inflation, supermarket own-brand competition, generational relevance gap. The pattern.

Famous tea brands keep collapsing or consolidating for clear, structural reasons. The struggle ties into our tea industry pages, including the ownership map.

Last reviewed by the teas.co.uk team in January 2026.

Brand and trading details reflect public reporting at May 2026; owners and positions can shift. Not financial advice.

The pressures at a glance

Pressure	Effect on tea brands
Black tea volume decline	UK black tea consumption fell ~25% per capita 2000-2024; total market declining ~2-3% annually
Coffee growth competition	UK coffee consumption rose ~70% same period; specialty coffee chains dominating young consumers
Soft-drink expansion	Bottled flavoured water, energy drinks, kombucha squeezing daily-beverage choices
Functional/herbal shift	Daily black tea drinkers shifting to peppermint, chamomile and green tea for reasons of self care
Cost inflation (input)	Climate-disrupted Assam and Kenya harvests, freight cost rises, energy inflation
Cost inflation (packaging)	Cardboard, paper, plastic-free-bag transition costs all increased 2020-2024
Supermarket own-brand competition	Often sourced from same plantations as branded tea, sold 30-50% cheaper
Cost-of-living squeeze (2022-2024)	Drove substantial branded-to-own-brand trade-down
Generational relevance gap	Younger drinkers associate black tea with older generations
Result	Mid-tier brands squeezed; consolidation through M&A and administration

Black tea volume decline

UK per-capita black-tea consumption peaked around 1956 at roughly five cups an adult a day; by 2024 it had fallen to about three and a half, a steady decline of around thirty per cent across seventy years. The drivers are demographic (older heavy-drinking generations replaced by lighter-drinking younger ones), cultural (the rise of coffee), competitive (soft drinks, kombucha, plant-based milks and sports drinks all expanding), and a within-tea shift from black to green and herbal. Total market value has held up through price rises, but underlying volume keeps falling at two to three per cent a year, the structural pressure under every UK tea brand.

Cost inflation

Cost inflation has hit tea harder than many categories. Leaf prices have risen on climate disruption in the big producing regions: Assam has had several bad harvests from 2020 onward as rainfall patterns shift, Kenya has seen similar yield problems, and Sri Lanka's 2022 economic crisis disrupted supply. Freight costs spiked through the 2020 to 2023 supply-chain turmoil, packaging costs (cardboard, paper, plastic-free bag materials) rose, and energy costs jumped sharply in 2022 to 2024. Together they create sustained margin pressure that mid-tier brands struggle to pass on without losing share to own-brand. See why tea costs more .

Supermarket own-brand

Supermarket own-brand tea has taken serious share from named brands through the 2010s and 2020s, and the mechanism is structurally damaging. Own-brand tea is often sourced from the same plantations as the named brand, processed in the same factories, and sold thirty to fifty per cent cheaper, with good shelf positioning on top. The cost-of-living squeeze of 2022 to 2024 accelerated the trade-down, and once a shopper switches from PG Tips to a supermarket red label for price, the return is slow and often partial. The pressure bites hardest at the mid-tier, where the price gap matters most, and least at the premium end, where people chose premium for non-price reasons.

The relevance crisis

Standard British black tea also has a generational-relevance problem. Younger consumers tend to associate it with older generations, comfort, tradition, what their parents drink, without the contemporary signalling that coffee, herbal tea, kombucha and bottled drinks carry. There is a Gen Z tea revival, but it has gone to bubble tea, matcha, premium loose-leaf and viral iced-tea trends rather than to mainstream black-tea brands. Operators that have built premium, functional, herbal or culturally distinctive lines are better placed than pure black-tea businesses, because this gap affects the long-term consumer pipeline, not just this year's sales.

Why consolidation follows

Put together, falling volumes, rising costs, own-brand pressure and the relevance gap squeeze mid-tier brands from several directions at once. A sub-scale brand with no premium positioning, no functional range and no scale-cost advantage ends up caught in the middle: too dear for the cost-conscious moving to own-brand, not distinctive enough for the premium-conscious buying Twinings or Pukka, and not growing enough

to attract investment. That is exactly the Typhoo pattern, and it is why brands get acquired by scale-rich multinationals, sold to private equity, or rescued from administration. See the Typhoo collapse.

The functional-tea exception

One category really bucks the trend: functional and herbal tea. Pukka, Clipper, Dragonfly and a host of smaller functional brands have grown steadily across 2010 to 2024 even as black tea volume fell, as drinkers move from generic daily black tea toward infusions sold for a specific job: sleep, winding down, the gut, a lift. The functional framing attracts younger drinkers who reject standard black tea but accept herbal blends sold on how they make you feel. The corporate response has been to buy or build into the category, which is partly why Tata took Teapigs, Unilever kept Pukka through the Lipton spinoff, and Twinings expanded its wellbeing range. Functional growth is the single most important counter-trend to the black-tea decline.

What to buy, by survival prospects

For the strongest survival positioning buy Yorkshire Tea (volume leader, family-owned), Twinings (premium ABF scale), Pukka (herbal-growth category) or Teapigs (Tata premium). For value-and-volume mainstream buy PG Tips or Tetley (scale-backed but in structural decline). For UK independent organic buy Clipper or Dragonfly. For the value end buy supermarket own-brand (often the same plantation sourcing).

FROM THE CURATOR

teas · Match the tea to the moment. Whatever the market does, a different tea at 6am and at 4pm is fine.

More tea reading

For the collapse case study see the Typhoo collapse. For the broader ownership picture see the UK tea brand ownership map. For individual brand ownership see who owns PG Tips, who owns Tetley and who owns Yorkshire Tea. For the functional category see the Pukka founders.

More from the tea wiki

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