



Hot beverages

Sales go full steam ahead!

This coffee bar in the Food Lover's Market is situated next to the bakery to boost confectionary sales.

Back to basics

Overall it has been a positive year for both tea and Rooibos tea as consumers are going back to basics during recessionary times. They are probably the cheapest beverages on the market and they offer health benefits," says Jonathan Kelsey MD of Joekels Tea Packers. He has noticed an increase in advertising in this category. "The big groups including Shoprite, Checkers, Pick n Pay and Spar all seem to have boosted their advertising budgets this year. I have noticed more promotions with good value for money products, and this draws shoppers into stores." The company launched Tetley Big Tea in August last year offering 10% more in every bag, South African consumers like strong tea and they wanted to offer consumers more value for less.

Tea has seen some innovation recently and he thinks there will be more to come. "In order to survive and keep a category interesting, one has to assess and look at possible innovations. For years tea was boring and offered no real category innovations, however, in the last couple of years we have seen a lot of herbal and ice teas entering the market. Attractive packaging is important but brand equity

BY ANELLE HAMILTON

It seems that there are a few departments in a supermarket that seem to be relatively recession proof. Some categories even seem to benefit from the credit crunch. Hot beverages are one of them. Supermarket & Retailer spoke to a number of role players who gave us an update on consumption trends, as well as a few tips to boost profits.

in the tea category is vital! Tea drinkers are very brand loyal and presentation is key if you want them to switch. "If you can present a pack on shelf that is attractive and reasonably priced you have a chance to sway a consumer that is brand loyal, it's the only way a product can speak for itself, so make it look good. We always try and think out of the box, so maybe this year could bring some new excitement."

Transforming tea

Woolworths continues to demonstrate its commitment to socio-economic transformation in South Africa by supporting small, local, community-based enterprises. One of the latest projects to benefit is the Strandveld Tea Farmers Association, which is now growing premium fine rooibos tea for Woolworths. It's one of the projects that has grown out of the partnership between Woolworths and the Shell Foundation, a UK-based charity that tackles global development challenges by helping small businesses in poorer regions around the world, and resonates with Woolworths' 'Good business journey' goals of accelerating transformation and protecting the environment.

Coffee is one of the world's three favourite beverages



Coffee ranks in the top three most consumed beverages globally, alongside tea and water. Over 800 billion cups are enjoyed every year, and this number is growing at an annual rate of 1.5%. That's an increase of 12 billion cups per year.

Looking globally

The coffee market has managed to maintain adequate market performance in the face of economic turbulence between 2008 and 2009. From the year 2005 through 2009, the UK market for in-home coffee has attained 17% growth in value. Despite the fact that some of this growth can be attributed to the rise in raw coffee and production costs, "trading up" has still been a central aspect of this market, according to a report by the Mintel International Group.

Interestingly enough, approximately 90% of the 27 million coffee-drinking consumers have drunk some type of instant coffee in the last year. This data indicates that instant coffee continues to reign as the dominant product in the coffee market. These findings also implicate that there are sizeable market opportunities for suppliers who can persuade instant coffee drinkers to trade up to consuming ground, pods, or beans in place of instant. Additionally, despite the fact that coffee pods account

for around a fifth of expenditures in the roast and ground category, consumer research shows that they are only used by 14% of consumers, which reflects a high-spending nature of the coffee-pod consumer. All-in-all, with the price of coffee beans forecast to fall this year, it will be necessary for coffee and coffee shop brands to cut prices or to find new methods to justify higher prices. Looking towards the future, coffee brands will need to find innovative ways to attract 'green' consumers as Fairtrade becomes more commonplace in the market.

Coffee is 'going green'

Russ Sidelsky, marketing manager at Ciro Beverage Solutions has also noticed this emerging trend. Customers want products that are 'green' and eco-friendly. This includes organic ranges, fair-trade and proudly African products. "In the out-of-home market, major trends are the 'premiumisation' of coffee. Consumers are looking for luxury coffee, this includes boutique ▶

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roasted, or single origin coffee. Silk tea bags are also becoming very popular."

He adds that innovation in terms of coffee recipes and cocktails brings new users into the category who are not big coffee drinkers – freezochinos have led to a lot of new people enjoying the taste of coffee.

Coffee to go

Retailers can also look at boosting sales by selling take-out coffee in their stores. Your tired and stressed out shoppers will enjoy a delicious cup of coffee while they visit your store. Your input costs do not need to be high and the margins are very high. However, retailers will have to take a few things into account before they can become thriving foodservice operators.



Cross-merchandising coffee in the dairy aisle at Woolworths.

Secrets to becoming a successful coffee merchant

- 1 Wake up and smell the coffee: Spread the aroma of coffee through your store by brewing it throughout the day. Your customers will follow the smell and before long you will struggle to keep up with all the orders!
- 2 Always invest in quality coffee! A perfectly brewed cup will keep customers coming back for more.

Follow BP's example and offer customers combo deals. They are perceived as good value for money.



- 3 Make sure that you and your staff really are the coffee experts. You will need a dedicated staff member whose only job is to serve coffee. He/she needs to be trained on the different variants.
- 4 Offer in-store tasting when you want to add something to your menu. Experiment with different brands and chat to your customers to get their feedback.
- 5 It might be a good idea to invite a trained barista to your store once a month. In-store theatre is key to driving footfall to your store. Shoppers will enjoy watching them show off their skills and this will boost sales at your coffee counter.
- 6 Keep the drinks menu simple and easy to understand and make sure that each and every drink is made perfectly and consistently.
- 7 Set-up your coffee counter next to the bakery department. Who doesn't enjoy a pastry or muffin with their coffee? Combo-deals have worked very well in forecourt stores as it offers customers an easy and affordable meal solution. Good examples are coffee and muffin for R20, or coffee and a pie.
- 8 In winter months, get the kids interested by serving hot chocolate at the counter. Remember pester power works and this will also boost sales in your dry grocery aisle.
- 9 Build a large display of related merchandise close to your counter. Include items such as mugs, plungers, spoons, sugar, trays etc.
- 10 Always keep the workstation clean with no empty sugar sachets, used teaspoons and dirty cups lying around. This is off-putting for customers who will support the coffee shop in the shopping centre instead of yours!



The Strandveld Tea Farmers Association is now growing premium fine rooibos tea for Woolworths.

Pick n Pay Cedar Square has an impressive display of coffee beans from all over the world.



Bold food displays

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From self service to service departments, the new range of Ice Pic cabinets are designed to showcase your food.

Ready to eat food, both hot and cold is growing store turnover and margin across the country.

Now you can integrate bakery and deli, hot & cold in one continuous attractive line-up with Ice Pic's new range of matching serve-over and self service counters. Service Department Range Includes: • Curved glass deli • Cake & home meal replacement chillers • Bain Marie serve over • Matching self-service counters • Combine chilled & hot foods for customer choice • Ergonomic design makes serving easier for staff • Bring your customer closer to mouth watering display • Match exterior colour cladding & trim to your store decor.

Ice Pic offers a full range of chilled high backs, frozen wide and jumbo islands, combination freezer and chiller rooms with walk-in and reach-in glass door options.

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