

Gain customers' trust with quality, health and promotion

BY LAURA DURHAM

Stir up your hot beverage sales



There is nothing better than a coffee break at the office or catching up with old friends over a pot of tea and manufacturers have responded to this love of something hot by introducing extensive ranges of coffees and teas to the supermarket shelves. For customers, however, this choice has left them overwhelmed and as a result sticking to the brands they know and trust. Retailers would go a long way in minimising this confusion and boosting their hot beverage sales through range rationalisation and promotion.

Tea-time

According to market research, South African tea consumption has fared better than the world tea markets, which have stagnated. "Total tea market consumption in SA is about 23 000 tons per year and grew with

3% the past year," says Mientjie Mouton, managing director of Carmien Tea. Rooibos continues to hold significant market share (between 15-25%) and the popularity of the brew and associated health benefits continue to grow in South Africa and across the world, where it is known as Red Bush tea.

"South Africans are unquestionably migrating from traditional black teas to Rooibos tea in recent months, indicating a preference for overall health and wellbeing. Rooibos is naturally caffeine-free and a rich source of antioxidants," notes Lindy-Lou Alexander, marketing executive at Entyce Beverages.

The total tea market is broken into Black tea, Rooibos and Speciality tea. "Black tea, or regular tea, is the largest portion of total

tea at approximately 80% of the market and is the most common tea in South Africa," says Alexander.

One in four cups of tea is rooibos

Lower production volumes as a result of oversupply and unforeseen drought has meant smaller rooibos harvests in the past year. The limited supply will no doubt push farm gate prices up and this could lead to some retail price pressure.

"Rooibos harvests remained good in 2009 and 2010 even though the export market, where most rooibos is sold, declined from 7 200 tons in 2007 to 6 300 tons in 2009. It fell by a further 5% last year, with economic uncertainty in Europe and a strong Rand both contributing," ►

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explains Donnée MacDougall, South African Rooibos Council director for marketing. "This resulted in a surplus of about 3 000 tons in 2010," she adds.

It is hoped that the SA Rooibos Council's sustainable production initiative, Right Rooibos, could help boost exports. It aims to provide certification for sustainably-produced rooibos, similar to that of international certification programmes such as UTZ and Rainforest Alliance.

On the domestic front, the demand increased by about 5% in 2010. "It is the only sector of the local tea market which is growing and represents about 23% of sales," says MacDougall. She says that the local market continues to grow at this rate and there are numerous opportunities for growth and a rise in sales in some regions, such as KwaZulu-Natal and the Eastern Cape. Gauteng is by far the most popular rooibos tea party in the country (35% of sales).

"Rooibos remains a locally produced, tasty, affordable, healthy option and despite lower volumes and some price pressure, we're confident of steady



Make the health connection pay by educating customers on the health benefits of the various teas on offer – informative placards throughout the department is a great way to share interesting facts.

recovery in key export markets such as Germany and continued growth in the local market," says MacDougall.

Cup of health

Many shoppers have become increasingly concerned about their health and are choosing their products more carefully—and the tea industry, like most others, has responded to this by introducing products that boast about their health benefits. These include no caffeine and boosted antioxidants. For example, herbal teas (which are actually not 'tea' at all but 'tisane' as they are infusions made with herbs, flowers, roots and spices) are said to promote a wide range of health benefits from calming (Chamomile), aiding indigestion (Ginger) and stress relief (Peppermint).

"Globally, there is a growing trend toward the use of specific functional teas such as weight control, to prevent cardiovascular disease, or as a digestive aid," says Caren Bigham, Freshpak brand manager at Entyce Beverages. In fact, energy teas are now also being launched into the ever-growing energy drinks market. "Consumers are increasingly interested in using combinations of natural teas with traditional herbs as holistic solutions for everyday health problems such as sluggish digestive or fatigue," she adds. For example, Freshpak has launched three new Wellness teas, blending Rooibos and Green teas to meet these growing consumer needs – Freshpak Digestive, Shape and Energy.



Appeal to a niche market by stocking a variety of imported and organic hot beverages. However, don't forget about the standard instant coffee and 'normal' tea that your customers enjoy.



It is easy to cross-merchandise in your hot beverage department. Yet some retailers still do not do it: just position creamers, mugs, tea pots and biscuits nearby to boost your sales.



Rooibos accounts for around 25% of tea consumption in South Africa. Increasing by 5% last year, it is the only sector of the tea industry that continues to grow.

Consumers are more and more health conscious; they try to avoid 'negatives' like soft drinks, etc. and substitute these with more natural alternatives without wanting to compromise on taste. "In that sense, teas and infusions offer a wide variety of beneficial drink alternatives," notes Stefan Quack, head of international marketing at Teekanne. "Green tea, known for its beneficial properties (high antioxidant contents) and herbal teas benefit most from this trend," he adds.

Speciality and organic products continue to flock the shelves as shoppers show their own responsibility to the environment and their health through their purchases.

For example, Carmien Tea is the first organic tea producer worldwide to meet the UTZ Certified standards. UTZ Certified (Utz meaning 'good' in the Mayan language) is a global certification agency based in Amsterdam which sets the standard for sustainable coffee, cocoa, tea and rooibos growing and sourcing worldwide. Farms and producers have to comply with the UTZ Certified code of conduct with their respective products. These include social and environmental

appropriate growing practices as well as efficient farm management.

Rooibos, of course, has long been promoted as being good for you and increasingly scientific research is indicating this to be true. Both traditional and green rooibos are natural products and contain no colourants, additives or preservatives – although they can be stored for long periods without the taste or quality deteriorating. They have no kilojoules and contain no caffeine. Rooibos contains a complex and unique blend of antioxidants, the most abundant of which – aspalathin – is found only in the plant species *Aspalathus linearis*. Research over the past decade has proven the therapeutic ability of rooibos to help prevent cancer, protect the liver against disease, boost the immune system, relieve allergies and treat digestive disorders.

By investing in research in South Africa and keeping a close eye on studies done overseas, the South African Rooibos Council is able to provide scientific evidence to confirm the plant's health benefits as well as police inaccurate or unsubstantiated claims on behalf of the industry.

For example, Professor Jeanine Marnewick from the Cape Peninsula University of Technology has led a local study that showed the beneficial effect of drinking rooibos to promote heart health. "That's why we recommend drinking up to six cups of rooibos spaced throughout the day for a sustained health benefit," she says.

Researchers in Japan showed that the active compounds in a water-soluble fraction of rooibos restored immune function in immune-suppressed rats. These results hold significant potential for future research into the immune-boosting properties of rooibos that might benefit people living with HIV/Aids.

Coffee culture

Although the South African coffee culture is nowhere compared to America and Europe, the number of coffee drinkers continues to grow. They are also becoming a lot more experimental in terms of moving over to ground coffee and trying different blends. "Preparation of pure coffee at home is more popular than ever, as consumers are becoming affluent and moving into the higher LSMs 7 – 10," says Suvasin Moodley, Premium Coffee brand manager at Entyce Beverages. Pure Instant still remains the

weekly hot beverage choice but this is driven by a misconception that pure coffee is difficult to prepare while pure coffee is saved for the weekend. "Instant coffee is approximately twice the size of the ground coffee," she explains.

A number of consumers are buying plungers and coffee machines to prepare their pure coffee at home for themselves or kept for their guests during special occasions. "And as this grows so does the pure coffee market," she adds. Educating shoppers about the range on offer and preparation methods should of course be a priority for manufacturers, as well as retailers.

"For example, House of Coffees drives education on plunger usage at home to break the misconception that coffee is difficult to prepare. There is no substitute for the brilliant aroma and flavour of a cup of freshly brewed coffee," says Moodley.

Hot beverages in-store

Competition on the local market is quite severe and Mouton from Carmien Tea points out that imported teas are not doing well at all, tending to disappear from the shelves after year or two.

"Compared to the segment sizes, the smaller segments are over-represented on the supermarket shelves," says Quack. "But ▶

Move over coffee ... it's tea-time

While South Africa feeds its growing addiction to the specialty coffee trend – seen through the local burgeoning of cafes, micro-roasters and a multitude of coffee choices in chains such as Vida and Woolworths – it seems, that in other parts of the world, tea is starting to give the caffeinated brew a real run for its money.

According to *Beverage Digest Magazine*, coffee consumption in the USA – for the first time in decades – fell between 2006 and 2009 by 2.3 percent while tea drinking increased over the same period by 4.5 percent. In line with this and the growing global trend towards health, iconic coffee house, Starbucks, dropped the word 'coffee' from its logo a few weeks ago.

Tipped to be doing to the tea leaf what Starbucks did to the bean a few years ago, Argo (one of the most popular tearooms in the US), according to their CEO, is striving to do to tea what Apple did to computers; and they're achieving this through a range of café-style tea drinks – from the mojiTea to Smootea to Teapuccino – that offers consumers a healthy, hip way to drink tea.

This need was filled in South Africa when a Paarl olive farmer and ex-coffee addict, a marketing guru and a businessman joined forces to pioneer a world first: a naturally caffeine-free espresso made entirely from South Africa's own rooibos tea.

Red Espresso has gone where no tea has gone before – into the café market. For the first time in decades, coffee consumption in the USA fell by 2.3 percent while tea drinking increased over the same period by 4.5 percent.

Recognised for taking tea into the café space, Red Espresso has, in five years, won five awards (three being global) for innovation – including making history as the first tea (and first South African company) to earn coffee's highest honour at The Specialty Coffee Association of America (SCAA) by winning the Best New Product – Specialty Beverage Award 2008/9.

In the same year, on the other side of the beverage spectrum, Red Espresso was also voted a Top Ten Best New Product at the World Tea Expo 2009 for essentially taking tea out the bag and into a place no-one thought it would go: the espresso machine and, with it, coveted café culture.



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this is normal as the growth potential lies here and the supermarkets are interested to show the broad offering to differentiate themselves from their competitors.

This allows many smaller brands with sometimes only regional relevance to enter the market and to stay around for a while," he says.

Retailers could do more for their sales if they put some effort into their hot beverage offering by getting rid of slow selling brands, introducing demonstrations and tastings and educating their shoppers about what's on offer. For example, boasting about the antioxidant properties of rooibos might make a shopper choose it rather than another blend of tea. Quack suggests that shelf talkers or shelf rails are also very helpful for the consumer to orientate himself in the very busy tea and infusions section.

"It really comes down to personal preference and choice," says Entyce Beverage's Alexander, "but heritage does play an important part as does the likelihood of a promotion in the store."



An expensive cup of coffee

A newly opened boutique roastery and espresso bar in Cape Town is selling one of the world's most expensive coffees, a rare and naturally sweet-tasting bean that has been through the digestive system of the Asian palm civet which removes all traces of bitterness.

Known as Kopi Luwak, the Indonesian coffee sells locally for around R3 000 per kilogram or R80 served by the cup. It is presently available exclusively through the Haas Coffee Collective, attached to the lifestyle design store of hand-made objects, Haas Design Collective in Rose Street in the Bo-Kaap.

Kopi Luwak, with a caramel-chocolate taste, takes its name from *Kopi*, the Indonesian word for coffee and *Luwak*, the Asian palm civet that feasts on the ripest, sweetest red coffee cherries growing on coffee trees in Sumatra. Once the Luwak

eats the cherry, the parchment-covered coffee beans inside are passed through its digestive system, with a unique combination of enzymes in the stomach breaking down the proteins to remove all traces of bitterness. Still intact even after being excreted, the parchment cover protects the green coffee beans. In a very labour-intensive process, the beans are collected from the faeces of civets and the parchment is removed. The coffee is then thoroughly cleaned and sun-dried before being sold.

Sumatra is the world's largest producer of Kopi Luwak, reputed to be the most expensive coffee in the world. Sought-after for its subtle and nutty flavour with a lightly sweet and floral aftertaste, it was apparently the favourite brew of Ian Fleming, whose famous spy hero, James Bond, was known to enjoy it with breakfast.

A single cup of espresso made from Kopi Luwak sold for £50 in a brasserie in London in 2008.



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