

The innovative and exciting categories of hot & cold beverages

Trends, insights and keeping it sustainable in 2021

Hot beverages

The Hot Beverages category is alive with opportunities: coffee, tea, hot chocolate, speciality hot drinks, herbal teas, green teas, fruity infusions, exotic imports, and brand favourites. South Africa is a nation of tea and coffee drinkers. There have been some interesting developments in the last 18 months, with the pandemic and working from home driving growth in coffee consumption, and speciality teas seeing good growth.



Being more home-bound seems to have led to a significant increase in consumers looking to recreate their favourite café-style hot beverages at home – and consequently stocking up on items such as speciality teabags, ground coffee, coffee pods and hot chocolate. While the foodservice industry suffered the harsh effects of lockdown at its various levels, retailers have been well placed to grow their hot beverages sub-categories category by ensuring that they provide a wide selection, and in many instances an on-the-go hot beverage offering.



will make premium coffee more accessible and bring the Starbucks experience to thousands of consumers through its increased retail footprint.”

“As Checkers continues to grow and expand its fresh offering, the partnership with Starbucks is another testament to its determination to offer an improved, world-class shopping experience.”

With regards to buying for the home, Stats SA reported in 2020 that South Africans typically spend 5,6% of their household expenditure on coffee, although this varies according to LSM Instant coffee is an important category in coffee and continues to show strong

growth in retail. Tea expenditure is tied for the lead in hot beverages, also accounting for 5,6% of the average household spend.

Statistics also show that rooibos tea drinkers had to pay substantially more to fill their teapots as the rooibos industry recovers from a four-year drought, which placed a constraint on market supplies. The demand for this uniquely South African product is consistently high. Daily Maverick reports that up to 12 000 metric tonnes of rooibos is produced annually in South Africa, and the industry employs thousands of people. Approximately 4 500 to 5 000 tonnes of rooibos are consumed by South Africans, while the balance of the tea is exported to over 30 countries across the globe.

In-store coffee stations and retail partnerships with branded coffee shops have gained in popularity, as retailers have seized the chance to increase in-store spending. Customers are encouraged to make impulse purchases by pairing hot drink-to-go items with food-to-go items. A good example is the Checkers partnership with Starbucks, which saw the opening of two coffee outlets at the chain’s FreshX supermarkets in Rosebank and Stellenbosch in December 2020.

The success of this offering has prompted Checkers to plan a revamp of at least a third of its stores to the new look and concept. Willem Hunlun, Chief Operating Officer, Checkers, explains “The Checkers FreshX collaboration with Starbucks



Sparkling fruit water for healthy sugar-free hydration

While the demand for sugar-laden soft drinks has been in steady decline over the past few years, the opposite has been true for the sparkling water category. As consumers seek healthier water alternatives, A1 Fruit Water – a premium natural sparkling fruit water with zero-calories – has rapidly begun to steal market share on SA shelves since launching in Q3 of 2020.

Globally, brands in the sparkling water category are experiencing strong growth and South Africa is on the same course, due to the rise of health-conscious consumers in the country. According to *beveragedaily.com*, consumers do not only want to drink products low in sugar, but they are looking for ingredients with health benefits.

Research from The International Food Information Council Foundation's (IFIC) 2020 Food & Health Survey, showed that nearly 1 in 10 consumers (9%) follow a clean-eating diet and 74% are cleaning up their beverage selection by limiting and avoiding sugars in the diet. Through A1 Fruit Water's own market research from a sample of 1 000 South Africans, it was found that 9 out of 10 say they are happy to pay for sugar-free, preservative-free and 0 calorie drinks.

Last year, A1 Fruit Water officially launched in the country, with their range of natural sparkling waters, infused with real African fruit. The natural sparkling fruit water range comes in three flavours; Mandarin, Lemon, and Grapefruit.



A1 Fruit Water is the only offering on South African shelves that can hold a claim to have zero calories, zero sugar, zero sweetener, is preservative free and Vegan accredited. The natural fruit infusion and flavours found in A1 Fruit Water are captured as a by-product during the fruit concentrate manufacturing process.

"Our target market is a group of highly conscious and discerning drinkers who care about what they put in their bodies and how their brands of choice impact the world around them. We're meeting their need for healthy hydration, from a mindful brand who cares about the sustainability and future of Africa." says Jan Strydom, Operations Manager at ONE54 South Africa.

A1 Fruit Water works with farming partners who are located in the sub-tropical mango and citrus producing region of Hoedspruit in the north of the country through purchasing the by-product from the fruit concentrate manufacturing process and thus push the supply and demand for fruit produce in the area.

"Health, local supply chains, e-commerce and sustainability are areas that are rapidly

evolving around the globe and A1 Fruit Water captures these trends in a locally made, guilt free sparkling water for the South African market, that can be sold through traditional and disruptive channels," concludes Strydom.

A1 Fruit Water has national ambitions, but has launched with a focus on the Western Cape and Gauteng Provinces with products on shelves at Pick n Pay, Spar, other independent retailers, as well as online at Takealot.



For more information on **A1 Fruit Water** visit www.a1fruitwater.com



Bringing the coffee roastery experience to retail

Insight from Kobus Wiese – Wiesenhof Coffee

Wiesenhof Coffee was born in 1994 when Kobus Wiese and his wife Belinda saw the potential for opening a small coffee shop at the East Rand Mall in Boksburg. The essential values that they started with were providing excellent service, personal attention, quality food and a welcoming atmosphere. The standout offering would be exceptional coffee products and, Wiese says, “We roasted the green beans and made the blends on site, and in view of our customers from day one. Soon, people started buying our coffee for their homes and enquiries came in from businesses and offices, so we decided to franchise with the Wiesenhof Coffee Roastery.”

The roastery supplies their own branded coffee shops, being the Wiesenhof and Café Dulce franchises. Their products are also widely used in the hospitality and travel industries, with clients such as British Airways and Airlink, various hotels, guesthouses, and other coffee shops. Wiesenhof’s gourmet coffee is also available to businesses and the public and have become a feature on retail shelves.

Wiese believes that the key to their success has been their passion – for what they do, and their quality, “Quality is vital, and we believe we have the best quality product. Starting from the choice of beans, the quality control throughout the process and of course training of our staff. We strive to pass the same passion that we have



Image courtesy of Wiesenhof Coffee Roastery

Wiesenhof Coffee Roastery produces a range of gourmet coffee blends. The company uses only pure Arabica coffee beans, which is their choice for the best quality product.

on to our baristas, waiters, franchisees, managers and at every touch point to ensure that it flows through to the client when the product is served.”

Over the last 18 months or so, Wiese has observed that retail has had the advantage of accessibility to consumers, with coffee drinkers working from home or taking their favourite brand of coffee to the office. Amid the economic hardship, he says that it has been heartening to see entrepreneurs and businesses turn towards each other and create mutual opportunities.

“When I go and meet with people, they are happy to put my product on the shelf and to market the brand – and of course it’s a two-way street, I do it in partnership with them. Shelf space is money to the retailer, so it’s important for us to be involved and get the products moving. By showing that we’re serious about our product we secure loyalty from the retailer, and we keep the customers coming back. We’ve had a great experience in retail,” Kobus Wiese, Founder, Wiesenhof Coffee.

Wiese helps to market the Wiesenhof coffees by spending time in stores himself, doing ‘wet demo’s’ during which customers can taste the different coffee blends. Nine out of ten times, Wiese says, the customer buys the products that they taste, and they also ask questions and engage in conversation, which creates a long-term benefit.

With regards to the factors that influence the shopper’s buying decisions, he notes that there will always be the individuals who buy based on price alone and that every person buys what



Staycold introduces a cost saving digital solution

Staycold International have just introduced their latest technology development that allows their customers to monitor, track and interact with their refrigeration assets remotely. This through a collaboration with Digital Twin and their recently developed Marconi device. The Marconi enables full virtual visibility of an asset, allowing for better asset management and maintenance of units, as well as the added benefit of being an innovative sales driver. This will help clients, especially those with a large fleet of assets in multiple locations, have the ability to proactively manage their fleet of units and ultimately bring the total cost of ownership (TCO) down.

Through Digital Twin's cloud-based portal and technology, asset owners can now, from anywhere, at any time, interact remotely with their assets. They will have the ability for example to confirm a unit's location, turn lights on and off, adjust the temperature or change the ECO management strategy. They will also be able to monitor the unit's refrigeration system's condition and react proactively before time, if the need arises, to send out technicians. This drastically reduces emergency call out costs when a unit goes down.

Lena le Roux, Staycold's Managing Director is upbeat with this new solution on offer and commented: "This is a great addition especially for our corporate and bottler clients, to manage their assets more effectively and easily, by a simple



Staycold's Digital Twin cloud-based IoT solution, allowing for remote interaction.

click of a button. They can also set up notifications via alarms say on their phone, to warn if the condensers are showing signs of getting blocked for example. An alarm is sent and remedial action can be taken. Real time actions such as this also stop the unit drawing too much electricity, so there is an environment spin off as well as a TCO saving."

The benefits of this new solution are believed to be multiple and address key pillars for asset owners. These include raw asset management i.e. the console shows at any time where assets are, key indicator diagnosis to see the condition they are in for timeous reaction, easier maintenance

and lastly as a sales driver. The device gives the ability to monitor key sales indicators like door opening, product temperatures etc and the ability to compare this information with other assets in the fleet nearby. This enables companies to maximise asset placement locations and ultimately product sales.

Digital Twin's MD Richard Creighton commented: "We are proud to offer this affordable and complete IoT solution that is reverse compatible with any recently manufactured (since 2014) Staycold unit as well as new units. It is a simple plug and play connection and the data costs are fixed, no matter where the units are globally. This is the next level for clients to view their Staycold differently."

Staycold were also motivated to collaborate with Digital Twin, as they are also a South African company. This is aligned to their buy local mindset to help boost the South Africa economy during these times. **SR**

Staycold has been manufacturing self-contained commercial fridges and freezers from their factory in Parys, in South Africa for 40 years. They pride themselves in making reliable, durable energy efficient fridges and freezers which are more cost-effective over the unit's lifetime.



Contact Staycold on +27 (56) 819 8097, info@staycold.co.za or Digital Twin on +27 (11) 958 2529 or info@digitaltwin.digital.



their budget allows. More often than not, he says, it's a combination of factors, and price isn't everything. For example ...

“If you prefer good quality boerewors you will walk away from cheap versions because you can't compromise on the quality of the meat in real boerewors. The same applies to good coffee, whisky, or wine.”

“The combination of quality, price and brand loyalty plays a major role, and these could be in various ratios, but it's very important that quality is never set aside,” says Wiese.

Product development and innovation is a priority at Wiesenhof Coffee and Wiese believes that consumers are also willing to experiment with new flavours and varieties. This could vary depending on seasonal preferences, time of day or simply a matter of personal palate. He attributes the worldwide popularity of coffee to the enjoyment of experimentation – coffee being the second largest trading commodity after oil. This popularity grows continuously as consumers become more curious and informed.

In late 2020, Wiesenhof Coffee launched their own range of coffee capsules as demand for this format of coffee increased, mainly due to the convenience factor. The range's packaging features a new look and feel, in line with their revamped coffee shops. Wiese says these product developments are incredibly personal to them, with blend names such as Wiespresso and DemRoux, a combination of their children's names. These new additions to their gourmet blends have received excellent feedback from the market.



Image courtesy of EnaMarinkovic, Pexels

Wellness and nature

Consumers have placed an increased importance on health and wellness, and this is a further driver of growth, with interest in food and drinks as part of a healthy lifestyle driving sales. Healthier products like decaf, fruit and herbals, speciality teas and even functional teas with added vitamins bring home the message of their good-for-you properties.

Sustainability has also come significantly more into focus over the past few years, especially in food and beverages, and the pandemic has resulted in many consumers reconnecting with food and nature. Shoppers now take a greater interest in holistic health and are more aware of what they put into their bodies and send out into the environment. Consumers in the know are more likely to buy sustainable products and when a retailer satisfies a customer's active search for environmentally friendly products, it automatically boosts sales and stimulates the growth of this still niche but growing trend.

HOT TIPS FOR RETAILERS



- Offer a mix of pack sizes to match different shopper missions. Smaller packs on introduction will give new shoppers confidence to purchase unfamiliar items and are also great for top-ups and convenience shopping. Conversely, with many households now choosing to shop less frequently, known brands in larger pack sizes like 80s and 160s are becoming essential to stock.
- Stock the big-name brands that are traditionally popular with your customers but do make room for new entrants and allow those smaller brands to be involved in the in-store marketing of their products.
- Niche hot beverages like fruity, herbal, and green tea and decaf tea and coffee present strong growth opportunities for customers who are ever more health focused. In line with this, milk alternatives for tea and coffee such as almond milk, oat milk and rice milk also form part of a growing market for which retailers should cater.



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Cold beverages

Waters, carbonated beverages, soft drinks, juices, and energy drinks make their mark on the cold beverages sector all year round, but these drinks really come into play during the hot summer months in South Africa. With a massive range on offer, constant innovations, and the consumer's willingness to experiment, Cold Beverages is one of the big player categories for all retailers.

The category has undergone some dramatic changes over the past 18 months. Lockdowns saw a reduction in the number of shoppers visiting their local convenience store to pick up their cold beverages on-the-go. Added to this, the economic hardship that has occurred as a ripple effect from the pandemic has caused considerable changes in shopper behaviour and perceived product value. Many consumers have been more mindful of their spending.

As we start to see a little normality, we can expect to see impulse buys being key in the summer. With people looking forward to socialising and being out and about again, especially outside in the warmer months, a rise in on-the-go sales is also likely.

This may mark a return to pre-pandemic buying patterns as shoppers make more regular visits to shops, making impulse purchases of single items. Energy drinks are traditionally strong within the impulse sector and retailers should be sure to keep a range of chilled and ready to capitalise on the opportunity for on-the-go purchases.

Bottled water saw on-the-go consumption largely shifted to take-home shopping, resulting in a notable growth in larger 1.5-litre and multi-pack products. With flexi-working arrangements and increased working from home, it is forecast that a good proportion of this market is set to remain for the foreseeable future. Again, increasingly warm weather and easing of lockdown restrictions should result in increased demand for on-the-go bottled water to quench thirst. Retailers can never

go wrong with adequate stocks of 500ml and 750ml sports-cap bottles, which are always leading performers.

Thirst for sustainability

As eco-focused consumers opt for more sustainable options across all areas of their lives, cold beverages, and bottled water in particular, have led the way in the fight against plastic. When retailers stock bottled water made from greener packaging, consumers are made to feel that they are making the most conscious choice available to them – even in their impulse purchases. Labels featuring recycling and bottles that are recyclable or made from recycled plastic prompt, clear sustainability messaging in the Cold Beverage category, and gives consumers a way forward in the fight against environmental degradation.



Image from Business Insider SA

Ready to drink chilled coffees and teas are popular in summer months, with appealing flavours like caramel, latte and vanilla from well-known brands driving sales for retailers.





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Innovation in the soft drinks market

Brand insight from PURA Beverage Company

PURA Beverage Company is a South African start-up in the soft drinks category that is now four years old. Based on consumer insights, they produce 'healthier beverages that do not compromise on taste and are sold at an everyday price point.'

Tristan Werner, Head of Marketing, PURA, explains that the Covid-19 pandemic has amplified the need for healthier, more innovative, and more easily accessible beverage options for consumers who have also become more discerning. Considering this, he says ...

“The low, no sugar movement is very strong globally and gaining momentum. The move away from colourants and towards natural ingredients also continues to grow, with more consumers seeking out beverages with potential functional benefits.”

“All our products share the same intrinsics; low sugar, no colourants, preservative-free and with natural flavours.”

In terms of price points, Werner says in today's economy, shoppers are generally more cost-conscious. “Price point should always be a consideration when entering a new product into the retail arena.”

“Quality needs to be a given, and consistent quality even more so. It should form the one of the pillars of a brand's offering. If we look into the past,



Sales of sugar free drinks have been trending upward since the introduction of sugar tax and it's here to stay as consumers increasingly try to live a healthier lifestyle.

(Stock image from Photo Images)

when economies have struggled, consumers have gravitated to products that deliver consistently on a strong brand promise,” says Werner.

A combination of price, quality and brand loyalty are therefore necessary to deliver growth and influence the consumer's buying decisions. Ultimately, it is important for producers to follow through on with clear communication of the related value offerings to the consumer.

As part of the brand's philosophy, having a positive social and environmental impact is a priority at PURA. Werner says they have found that consumers are looking to support businesses that are environmentally conscious and actively contribute towards sustainability.

PET (polyethylene terephthalate) bottle recycling is critical and beverage companies internationally are exploring solutions to more sustainable

packaging, including bottles made from paper and PET bottles made from plant matter. “Ultimately, these solutions need to be economically viable, practical and good for the environment. We support PETCO, which is an organisation that offers job creation as well as helping to clean up the environment, keeping beaches and the ocean clean. Our aluminium cans are made from 25% recycled aluminium, with the target of reaching 65% recycled aluminium by 2026. Our PURA kids' range is also environmentally friendly, with a paper straw and packaging that is 100% recyclable,” says Werner. **SR**



Image: PURA Beverage Company

PURA Beverage Company's soda cans and bottles are 100% recyclable and feature designs that convey a fun, easy and healthier lifestyle.



Jeanne-Riëtte Martins is a multi-specialist writer with a degree in Industrial Psychology. Influenced by her background in human resources and industrial relations, she writes on issues that impact businesses from SMMEs to corporates across various industries. Her writing repertoire includes B2B and B2C content for print and digital platforms. She is also an award-winning blogger for some of South Africa's largest food and family lifestyle brands. jeanne@wilkinsross.co.za

