

The Grocer

Focus On: Hot Beverages by Emma Sturgess (emma-sturgess@hotmail.co.uk)

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The Story

What can be done to rescue the great British cuppa? The continuing decline of standard black tea has been the biggest contributor to cooling sales of hot beverages over the past year; the market has seen value inch up 0.2% (mainly thanks to coffee's continuing premiumisation) as volumes dipped 0.4%. So what can tea learn from other parts of the markets? Will tea pods help? And can smaller, artisan tea brands help drive value back into tea?

Key themes (this list is not exhaustive; new angles will be investigated as they arise):

Coffee: Coffee sales are steaming ahead, driven by branded propositions. Who's driving this growth and where is it coming from? Premium and super premium continue to perform well. What does this mean for brands not operating in this space?

Premiumisation: Super premium coffee is growing as consumers trade up to pricier offerings. What tactics have brands used to encourage consumers to buy more premium products? How much more are they paying per cup? What are they promising for the extra money?

Tea: The feature will explore why tea continues to struggle. Black tea in particular continues to decline while the likes of green, fruit and herbal teas are booming. And what formats are rising in popularity? Has the tea pod gained any traction? What about loose leaf tea? This feature will include a box out on gourmet tea brands and their efforts to drive value back into tea.

Commodity prices: How have raw material costs for tea, coffee and cocoa impacted the performances of the category's major players? How have price changes affected the price paid by consumers?

Retailers: This feature will include in-depth analysis of how the different retailers' approach to the hot beverages market. How are they merchandising it? How have their own label ranges developed in the past year? What's on the cards for the coming year?

Pods: This feature will include in depth analysis of how the pods market is performing for coffee, tea and other kinds of drinks. Which systems are most popular? How have prices changed in the past year? Which brands are winning?

Hot chocolate: This feature will explore the factors driving hot chocolate's performance. Which brands and retailers are in growth and decline in this market and what factors have driven this? How are things like price, promotions and marketing impacting growth and loss?

Own label: Own label is outperforming brands in this category. Why? What are own label players doing right? Please pay close attention to individual retailer performance in this.

Discounters: The discounters and bargain stores are steaming ahead in hot beverages. So, what is behind their growth? What strategies have they employed to do this? Have they extended their own labels and which brands are they stocking?

Price/promotions: This feature will investigate how big a part price promotions have played in the market over the past year. It will explore how spend on this area has impacted brands' spend on other areas such as advertising and NPD and how promotional mechanics employed have evolved and are likely to continue to evolve.

Advertising and marketing: This feature will also investigate how the marketing and advertising strategies of the category's biggest players have evolved over the past year and how they will develop in the coming year to sustain growth or return brands to growth. The provided Ebiquity data will provide some insight for this.

Innovation: Key to this feature will be a discussion of the latest NPD from the category's brands and own label players, large and small. The feature will explore the market trends that have inspired these innovations and weigh up which new launches are most likely to encourage new trends in the hot beverages category.

16 new products (four tea; four coffee; four hot choc/malted drinks; four ice teas/coffees) or product ranges that have ideally not appeared in The Grocer before will be featured including launch date, RSP, and an image picture of each.

Key questions the feature is likely to address:

- What consumer trends have impacted the category over the past year?
- How have promotional strategies (both in terms of price and marketing) evolved?
- How have individual retailers' strategies impacted the market?
- How has merchandising changed in the market?
- What impact has own-label had on branded players?
- What's next for the category?