

What's hot in hot beverages?

The current hot drinks landscape, trends and growth drivers

Coffee demand grows, despite the category facing challenges

Despite the increasing price of coffee, the effect of climate change on supply, and the logistical issues of import/export caused by international lockdowns, consumer demand for coffee globally has increased. According to a coffee market industry report on www.mordorintelligence.com, the Covid-19 pandemic placed pressure on the coffee sector, which "is [already] vulnerable to fluctuations in international coffee prices, low productivity levels, and damage caused by pests and disease." Consumers are not deterred, however, and consumption of coffee around the world has increased.

Homebrewed coffee takes centre stage

The effects of the Covid-19 pandemic will be felt for quite some time to come, particularly in hospitality. People who routinely stopped by their local coffee bar, some weekly, some several times a day, were suddenly left bereft during lockdown. Subsequently we saw the rise of the at-home barista, increased consumption of coffee and tea during the work-from-home workday, and all the retail opportunities that came with online shopping.



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Instant coffee, pods, capsules, and beans

Instant coffee, from chicory-based drinks to premium roasts and espresso powder, is the go-to caffeinated hot beverage for many South African households. It's quick, convenient, and even when the power is out you can boil some water over a gas stove and enjoy your brew of choice. But as consumers embrace their inner barista, the sale of coffee pods, grounds, and beans are also on the rise. Quality is key while novelty is appreciated. Flavoured coffees are already popular as instant options and in single-serve sachets, but coffee syrups – once only seen in high-end coffee shops – have made their way onto retailer's shelves.

The at-home barista experience

As consumers seek greater control over their home brewing, the demand for coffee beans is growing. Bean to cup machines and speciality grinders mean greater control over the entire process – and some consumers have spent the last two years getting to know exactly what they want from their caffeine hit. To recreate a special coffee moment at home, coffee making paraphernalia such as bean to cup coffee machines, Moka pots, milk

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steamers and frothers, foam art stencils, speciality cups, and even the right biscuit (or biscotti) are all becoming more common place. The growth of at-home consumption has resulted in several out-of-home coffee retailers (such as Starbucks) launching at-home ranges. While still a relatively niche market, the interest in the at-home barista experience is growing, particularly amongst younger coffee drinkers who are experimenting with methods and techniques being shared on various social media platforms such as TikTok.

The coffee experience

In-store coffee bars and white label coffee products are a good way to attract consumers and encourage sales. Partnering with a specific brand can negate the cost of setting up and running an in-store coffee brand means the store gets the benefit a well-known or exclusive brand name that brings customers in.

Factors driving coffee sales

Ethics and sustainability

When it comes to sourcing their coffee, consumers are driven by several factors. Product origins, particularly products that are sourced ethically and sustainably, are becoming increasingly important. According to Mordor Intelligence coffee market industry report, there has been a surge in demand for certified coffee products, with consumers wanting to know where and how their coffee is produced, and if those involved in the food chain are fairly and justly treated. There



Image courtesy of scasa.co.za

is also an upsurge in environmental damage caused by production techniques, with consumers wanting assurance from manufacturers of their environmental best practice.

Price and convenience, quality and loyalty

Of course, the big four - price, convenience, quality, and brand loyalty - still drives many coffee purchasing decisions. Quality is important for many mid to upper LSM shoppers, and brand loyalty also plays an important role here. Novelty is also a purchase driver, particularly amongst younger and more adventurous consumers.

The passion is real

So great is the South African passion for coffee that a non-profit organisation "representing the coffee industry from seed to cup" exists. According to their website (<https://scasa.co.za/>), "The Speciality Coffee Association of Southern Africa is an associa-

tion of coffee industry players, from all sectors of the industry in Southern Africa. SCASA has a mission to promote both the consumption of quality coffees and the recognition of the employees of the industry within Southern Africa." For any retailer looking to provide an in-store coffee experience, SCASA is a valuable resource.

The rising cost of coffee

According to Bloomberg (www.bloomberg.com) ...

“ Low rainfall in Brazil – one of the world’s largest coffee exporters in the world – has led to widespread shortages.

In addition, shipping delays and limited space on ships and in ports due to the knock-on effect of global lockdowns during the height of the pandemic has pushed coffee prices to a multi-year high. ”



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Types of
COFFEE DRINKS

BLACK
• Just coffee

AMERICANO
• Espresso
• Hot water

GALÃO
• Espresso
• Foamed milk

FLAT WHITE
• Espresso
• Steamed milk

ESPRESSO
• 1oz Espresso

LUNGO
• Long pulled espresso

AFFOGATO
• Espresso
• Ice cream

DOPPIO
• 2oz Espresso

MACCHIATO
• Espresso shot
• Foam

CAFÉ AU LAIT
• Coffee
• Steamed milk

LATTE
• Espresso
• Steamed milk

CORTADO
• 1oz Espresso
• 1oz Steamed milk

MOCHA
• Espresso
• Chocolate
• Steamed milk

CAPPUCCINO
• Espresso
• Steamed milk
• Foam

RED EYE
• Coffee
• Espresso

RISTRETTO
• Short pulled espresso

IRISH
• Coffee
• Whiskey
• Sugar
• Cream

Consumers of high-end coffee are hardest hit, driving some to find less expensive alternatives. While relatively few consumers are likely to give up coffee completely, many are branching out. In good news, however, the Speciality Coffee Association of Southern Africa (<https://scasa.co.za>) reported that “The worldwide shipping congestion that has plagued supply chains globally over the last two years has seen signs of easing in certain quarters of the globe, Asia and the Far East have seen some relief over the past few months, while the United States ports are still struggling through severe congestion.”

Market growth – the slow but steady ascent of the coffee bean in SA

A Bizcommunity article from Insight Survey published in June last year says, “In South Africa, the local coffee market experienced positive growth, in terms of off-trade retail value RSP at constant 2020 prices, achieving a 2.1% year-on-year growth relative to 2019. This increase is expected to continue, with the market forecast to grow at a CAGR of 2.5% between 2021 and 2025. This growth, both globally and locally, is being driven by several factors, including the increase in at-home coffee consumption.”

Globally, “Factors such as increasing out of home coffee consuming population, rapid urbanization, rising e-commerce retail sales, increase in Gen Z income, increasing instant coffee preference, growing demand for specialty coffee and increasing green coffee consumption in emerging economies are expected to drive the market” – ResearchAndMarkets.com.



Image courtesy of Suzy Hazelwood, Pexels

It's teatime in South Africa

Tea is having a moment. A staple for many, tea has remained popular for decades, and black tea is a constant companion for many South Africans. Its time to shine, however, is now. Cheaper than coffee (for the most part), tea is easily sourced, and supply remains stable. The Rooibos Council of South Africa (<https://sarooibos.co.za/>) recently reported that, "In SA, the hot tea category is forecast to register the fastest value growth at a CAGR of 7.5% over the next three years and is the largest in volume terms, registering sales of 33.1 million kg in 2020."

In addition to this, "In top-end retail, over the last twelve months (ending September 2021), the tea market grew 0.4% in volume to 14 kilotons and 3.8% in value to R2.6 billion." As consumption of Rooibos increases both locally and internationally, black tea remains the biggest category. "The black tea segment is the largest within the tea category contributing 47.8% value (R1.2 billion), followed by Rooibos with 30.8% (R788 million) and speciality teas with 21.4% (R547.6 million)."

Health boosting properties of tea

Although black tea is caffeinated, there are a wide variety of teas that are caffeine-free and purported to boost health in several different ways. Rooibos has been used as a nursery remedy for nappy rash for years, but it is also considered safe for children and even toddlers to drink. Speciality children's blends, some containing chamomile or other herbal blends, are promoted as calming brews or sleep aids and are a popular category with parents looking for formula and milk alternatives.

Green tea and mint have long been used as a gout preventative, and the high antioxidant levels of green tea have long made it a popular health drink. As consumers become more concerned with their health, and maintaining it, healthy beverages with health benefits such as green tea and herbal or fruit tisanes which offer additional health-boosting properties have seen a definite rise in popularity. Calming blends, blends to aid sleep, and blends to

help you wake up and concentrate speak to those consumers looking to achieve health and wellness through food, without resorting to medications.

The Rooibos Council has seen a shift towards interest in speciality teas with innovative flavour pairings and additional health benefits. Jessica Bonin, a South African-born tea sommelier, says ...

“ Rooibos has an incredibly versatile flavour that makes it the perfect base for an array of ingredients. Tea enthusiasts can experiment by adding herbs, fruits, flowers and even spices. The flavour cascades are infinite. ”



Image courtesy of Anna Pou, Pexels



Afternoon tea is the hippest new trend

“Among the biggest food and drinks predictions recently announced by social media network, Pinterest, ‘afternoon tea’ is to become the new happy hour. Their predictions were based on the interests of their 444 million users worldwide with many choosing tea with a friend over drinks after work.”

In an article on upcoming beverage trends on the Rooibos Council website, functional beverages such as Rooibos are seeing a huge spike in consumer interest. The article goes on to quote Nicie Vorster, a director of the SA Rooibos Council, who says ...

“ Online searches for healthy teas, tea pairings, parties and the like have been spiking across age groups, which is good news for the local tea industry. ”



Inspired by these hot tea trends, cold tea drinks, tea-based cocktails and mocktails, flavoured teas, traditional tea drinks such as bubble tea, and tea rituals are all seeing growing interest. Innovative products, flavour pairings, and ingredients such as buchu, ginger, dragon fruit and more are helping the tea industry expand and flourish. With a plethora of producers both locally and internationally, choosing what to stock will come down to how well you know your customers.



Ready to drink

The ready-to-drink market in both the coffee and tea categories is seeing increased growth as convenience once again takes centre stage for consumers returning to the office, or those struggling to balance their work-from-home and home-life situations. These are also replacing carbonated canned or bottled drinks that are seen as less ‘healthy’.

Customisation and tea gifting

As consumer tastes become more refined and they look to elevate their tea experience, creating custom blends is a growing trend. Tea gifting is a niche category, but one that is also experiencing a rise in popularity. This can include speciality blends, loose leaf teas, fruit or herbal additions, and home-brewing tools from tea strainers and artisanal pots to blending kits.



A bevy of hot beverages

Smaller but no less significant are those hot drinks that fall outside the scope of tea and coffee. Chocolate and malt drinks, as well as decaffeinated, sugar-free, low fat, protein-enriched, vegan, and gluten-free hot beverages retain their share of the market as winter approaches, parents indulge their children, and nostalgia and home comfort push sales.

Hot chocolate

Hot chocolate is no longer solely the domain of children. Decadent and indulgent drinks, from premium powdered brands made from actual chocolate (not cocoa, there’s a difference) to solid chocolate or a blend of the two,

are beginning to appear as the South African consumer educates their palate. Single-serve sachets and ready-to-drink options are an indulgent convenience buy opportunity not to be missed.

Milk alternatives

Milk alternatives are an aspect of the Hot Beverage category that cannot be overlooked, and the options are expanding at an impressive rate, including soya, oat, almond, and rice milks making inroads in mainstream stores. The reasons for choosing a milk alternative can range from dietary requirements such as veganism or lactose intolerance, health and religious – non-dairy milk such as almond is pareve and may be consumed with meat.

Ethical, environmental, and sustainable reasons are also a big driving factor behind the move to plant-based milk options. In addition to the more well-known offerings, milk alternatives include coconut, cashew, macadamia, quinoa, and hemp. Most coffee shops and coffee bars offer milk alternatives, but price can be a factor.

Soy options are generally not sold at quite the same premium price point, as soy milk is readily available and supply and demand are bringing prices more in line with that of dairy, however soy does come with its own environmental and ethical questions.

Consumers already familiar with the milk alternative landscape are looking for earth-friendly, sustainable options that taste good and are within budget. The good news for South African consumers



and retailers is that there are, according to ProVeg South Africa, over 70 different milk alternatives available to local consumers.

Driven by innovation

It is clear that the Hot Beverages market in South Africa is growing. Driven by product innovation and consumer demand for healthier beverages, higher quality, and traceability, product ranges are expanding. This can make stocking your shelves a little trickier as you walk the line between indulgence and budget-friendly options.

The good news is that with efficient consumer data and analytics systems and processes in place, as well as keeping a keen eye on social media, you'll know what your consumer wants almost as soon as they do. **SR**



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Testing

Food safety: Microbiology testing

Failing to do microbiology food safety testing can result in a slew of complications. But what to test for? How often should products be tested? What does the law say about microbiology testing?

It is a manufacturer's responsibility to ensure that food products comply with standards and regulations. So, you need to clarify your testing strategy. To do that, you need an understanding of microbiology testing. So, let's get into it.

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What is microbiology testing?

This is the process of analysing products to detect and quantify pathogenic microorganisms to ensure that the food is safe for consumption.

We have previously discussed the ins and outs of microbiology testing labs. But to quickly recap ...

How does this fit into overall food safety?

Foodstuffs can carry hazards that are not visible to the human eye. These could be microbiological or chemical risks. Common hazards include bacteria like salmonella. Food products can also contain parasites and pathogens. If ingested, these can cause illnesses and disease.

What does the law say?

The Department of Health has made regulations for microbiological standards, in terms of the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act no. 54 of 1972). They detail various organisms

that are not allowed to be present in food products and specify the necessary tests. For instance ...

- Food products are prone to spoilage. Microorganisms like Echerichia coli, listeria monocytogenes, as well as salmonella should be absent in ready-to-eat foods.
- Partly cooked or uncooked sea-water or fresh-water foods like mussels should have a limited amount of Vibrio and Shigella. In 25 grams of these products, microorganisms should be absent.

These are just two examples to show you the laws are in place to keep people safe.

What should you test for?

The first group are microorganisms that result in spoilage. These will not cause people to get sick, but will cause the food to go off. For this category you would test for bacteria, moulds and yeast.

Second, you should test for pathogens that cause food poisoning. For example, E.coli or Salmonella.

Remember that there are limits for the presence of all microorganisms in food products.

How often should you do microbiology testing?

The frequency of testing depends on the type of product you are producing. Moist foods need to be tested more often than dry foods. This is because dry environments are not hospitable to bacteria.

Despite the technicalities of how often you should test, it is still a good idea to test frequently.

In 2017–2018, a pathogen called Listeria monocytogenes went undetected in certain meat products. This led to a listeriosis outbreak in South Africa, causing the death of more than 180 people.

If pathogens go undetected in your products, you face severe reputational risks, unnecessary costs (the sum of recalls, legal fees, damages and more), and you are putting people in harms way. It's better to test frequently to avoid a situation like this.

In conclusion

Anything that results in food poisoning or spoiled foods, is a risk to food safety. That's why microbiology testing is so important. Undetected harmful substances can cause your business and your customers harm. Avoid this by getting in contact with accredited providers of food and occupational health and safety testing to analyse your products. **SR**

