



HOW TO WIN IN **HOT BEVERAGES**

HMC

THIS DOCUMENT **INCLUDES:**

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THE CHALLENGE

2

KEY CULTURAL SHIFTS

3

OPPORTUNITY AREAS TO EXPLORE

THE HOT OPPORTUNITY IN WARM BEVERAGES

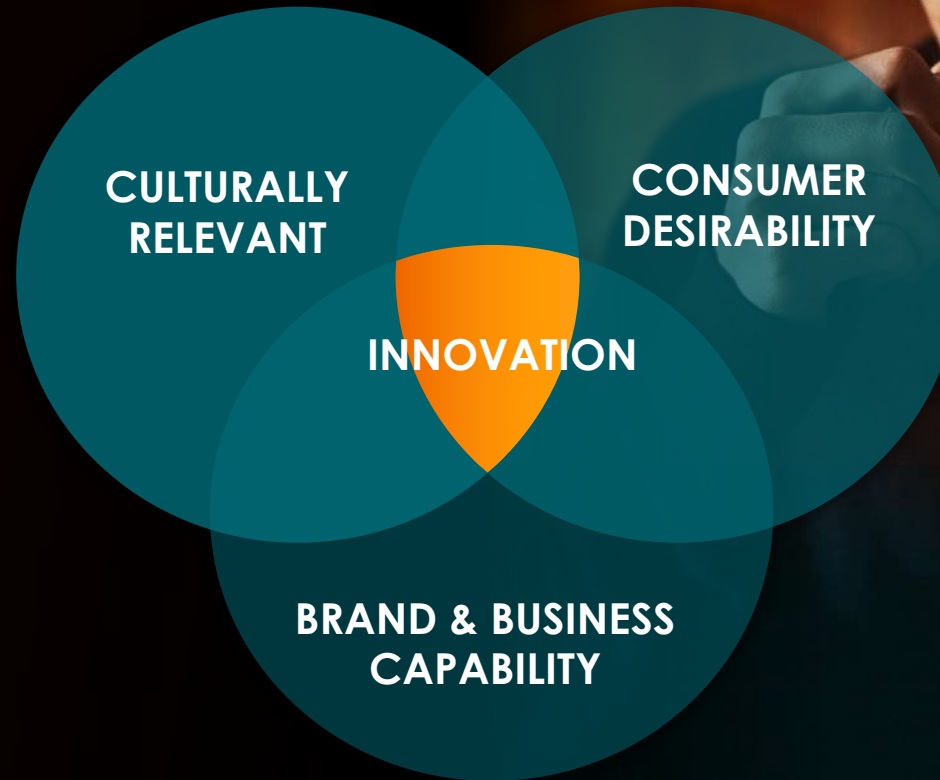
Hot beverages cover many consumer motivations but have failed to leverage emerging macro-trends such as health-conscious living, mental clarity, and sustainability.

Currently, most major hot beverage brands focus on satisfying lower energy comfort and conviviality needs, overlooking more than 20% of potential higher motivation drinking occasions centred around vitality and performance. This untapped market presents a promising growth opportunity.

How should warm beverage brands respond to newcomers like Liquid Death, Tripp, or Rheal stealing share? Nuances will vary across markets and businesses, but this document acts as a stimulus to convincingly address these motivations.

UTILISING INNOVATION TO BUILD DESIRE

Brands can unlock new occasions and drive category and business growth through great innovation, which speaks to current culture, is anchored in a compelling, enduring need, and leverages their unique strengths.



KEY CULTURAL SHIFTS

There are several noticeable cultural shifts, which are altering the hot beverage landscape:



FUNCTIONAL DRINKING



46% of people are interested in functional drinks for immunity.

45% are interested in using them to improve sleep.

THE HARTMAN GROUP 2020

Consumers are favouring healthier options which allow them to bio hack their lives but not at the expense of ritualisation.

So, how can we cater to growing health needs & concerns credibly?



SUSTAINABLE SOLUTIONS



69% of Britons believe brands should take responsibility for the planet.

CANVAS 8, 2022

Consumers are seeking more sustainable products as their anxieties around climate change increases.

So, how can we empower our customers with knowledge & products so they're apart of the solution?



AT YOUR CONVENIENCE



Americans will only wait up to **two minutes** for hot beverages.

CANVAS 8, 2023

Consumers are seeking satisfying and tasty drink options which fit into their increasingly time-poor lifestyles.

So, how can we ensure innovations support in making our customer's lives easier?



CAFFEINE PARADOX



75% of Australians drink a cup of coffee a day, yet there's growing concerns around caffeine.

MCCRINDLE, 2023

Consumers are seeking both higher and lower caffeine offerings for better energy throughout the day and better sleep at night, depending on their mood.

So, how can we segment our portfolio, so we cater to variety of needs & occasions?

FROM CATEGORY AGNOSTIC TO CATEGORY SPECIFIC

EMERGENT BRAND EXAMPLES



COFFEE SUBSTITUTES



Mud WTR is a coffee alternative made with ayurvedic herbs and functional mushrooms, with just a fraction of the caffeine found in coffee.

MUD \ WTR®

image source: [instagram.com/drinkmudwtr](https://www.instagram.com/drinkmudwtr)



SELF-HEATING RTDS

THE 42 DEGREES COMPANY

42 Degrees have created a self-heating coffee, tea or milk for people without access to electricity.



image source: [facebook.com/The42DegreesCompany](https://www.facebook.com/The42DegreesCompany)



MOOD DRINKING



LONDON NOOTROPICS

London Nootropics have specific coffee blends depending on your mood and goal. Flow for focus and Zen for relaxation.

image source: [londonnootropics.com](https://www.londonnootropics.com)



UPCYCLED COFFEE

TASTES GREAT
atomo
BEANLESS COFFEE
DOES GOOD

Atomo's beanless coffee innovation is made using leftover caffeine from green tea and uses 94% less water than traditional coffee.



image source: [atomocoffee.com](https://www.atomocoffee.com)

A man with curly hair and glasses is looking thoughtfully to the right. He is wearing a light-colored t-shirt. The background is a server room with blue and orange lighting, and a rack of server equipment is visible on the right side.

HOT BEVERAGE OPPORTUNITY AREAS

Where should the category go next?

UNDERSTANDING CONSUMER NEEDS

NeedMap is a psychological framework that is used to help uncover subconscious drivers & motivations – the ones that drive brand choice.

Instead of measuring characteristics such as age or economic groupings it subdivides consumers based on feeling and emotional needs.

The model works on the interplay of two axes, the vertical personality axis and the horizontal social axis.

FITTING IN



HIGHER
ENERGY

STANDING OUT

LOWER
ENERGY

MAPPING BRANDS ON NEEDMAP

Some hot beverage brands sit within pleasure and vitality, focusing primarily on hot chocolate and energy drinks.

Whereas traditional coffee and tea brands typically sit at the base of the need map in lower energy spaces.

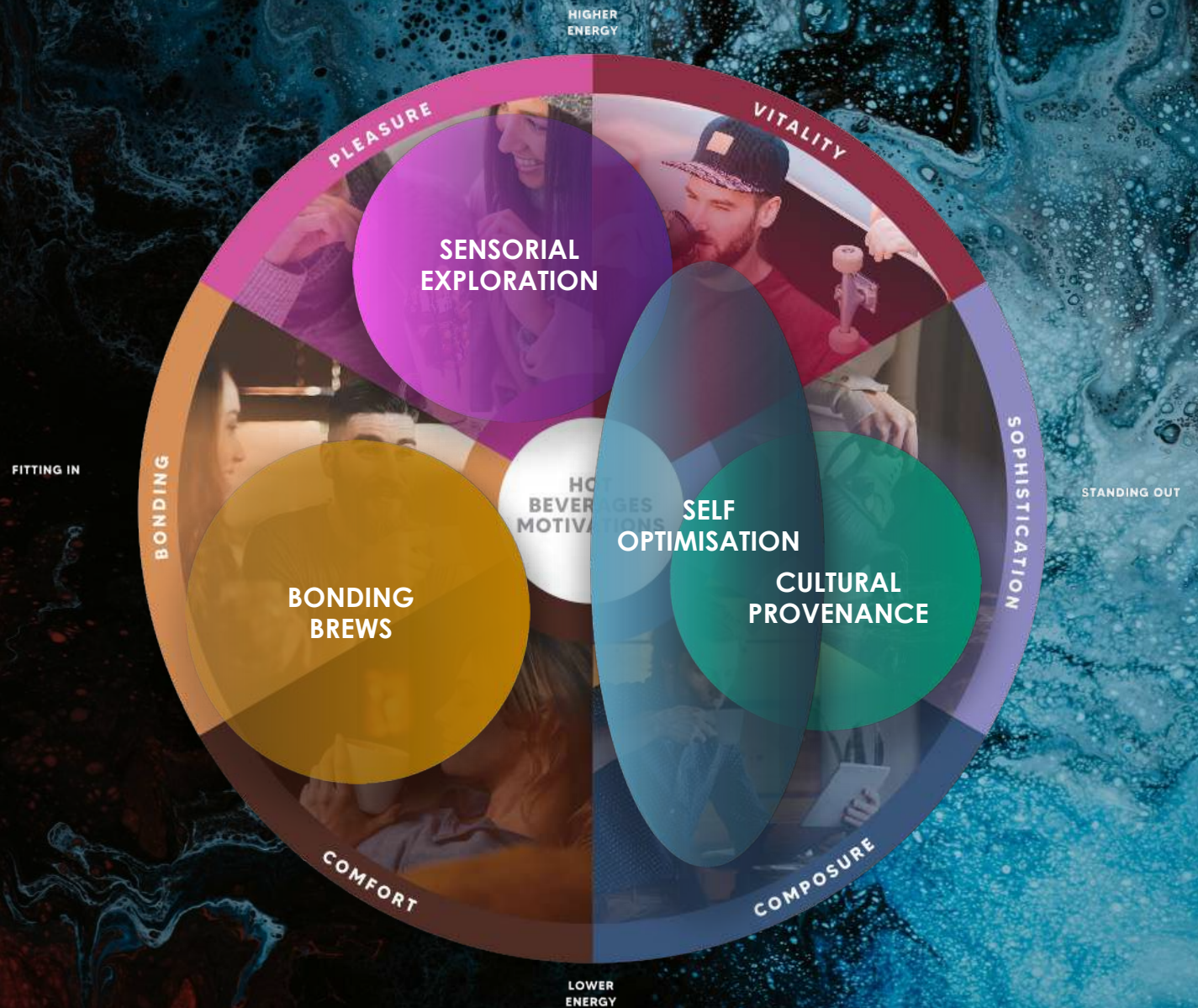
How can these brands move across the map to tap into new occasions whilst staying true to their credentials?



IDENTIFYING OPPORTUNITY AREAS

Our four fertile opportunity areas are based on consumer needs, which ladder up to the key cultural shifts.

By plotting them across the key motivations map, we show hot beverage brands may want to explore them.



4 FERTILE AREAS TO EXPLORE



SENSORIAL EXPLORATION



Appealing to consumer's sense of discovery through unlikely pairings.

How can we combine unusual flavours to create unique tastes and elevate the drinking experience?



CULTURAL PROVENANCE



Tapping into cultural roots through innovative flavours and products.

How can we utilize hyper-local ingredients to provide an authentic sense of place?



SELF-OPTIMISATION



Unlocking maximum potential with a targeted and focused approach to health & wellbeing.

How can we blend the latest science with personalised nutrition to deliver easy and effective solutions?



BONDING BREWS



Amplifying existing togetherness rituals to provide an elevated sense of escape in our perma-crisis world.

How can we go beyond the product to create a memorable experience?



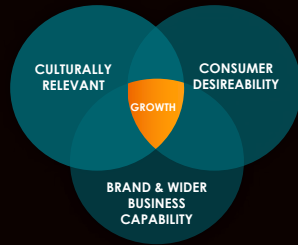
WORKING SESSION

How could your brand tap into these
opportunity areas?

IDEATION EXERCISE

Task: HMc will assist in taking one of your brands and a relevant opportunity to ideate within. Considering consumer motivations in this space, cultural trends and key brand assets.

1



What makes successful innovation? Culture, Consumer, Brand model

5 mins

2



Cultural trends driving consumer behaviour and attitudes

10 mins

3



Consumer motivations driving brand choice - Creative exercise mapping brands and competitors

15 mins

4



Opportunity platform for future growth

10 mins

5



Creative exercise in teams: Joining the dots to create a new concept

20 mins



RECENT WORK

How has Haines McGregor created successful innovation in the past across drinks?



HOW TO WIN IN DRINKS

THE CHALLENGE

To become category captains and take advantage of the €26M protein drinks opportunity by defining a competitive channel, innovation and how-to-win strategy.

THE UNLOCK

A shift in commercial mindset from a dairy co-operative to a global drinks business. Targeting under-served channels across an array of priority shopper missions.

THE RESULTS

Arla Protein drinks exceeded their targets increasing total revenues to:
€38 MILLION

ARLA PROTEIN HOW TO WIN





UNLOCKING MORE MOMENTS

THE CHALLENGE

Lager was a category that had become a commodity. Identical products competing for a share of the same well-trodden occasions. We needed to reduce cannibalisation, drive incrementality and get ahead of the competition.

THE UNLOCK

Turning the raw data from more than 250,00 consumers into a razor-sharp blueprint for consumer needs in 12 distinct demand spaces. Each space acting as a territory for single brand in a market to own and define.

THE RESULTS

Now 8 years on, this segmentation is still a central pillar of the global growth strategy. When we began the work in 2016, the company achieved 2% growth that year. The same metric in 2022 was 15.6%.



WHITE SPACE INNOVATION

THE CHALLENGE

To develop a strategic framework that defined hunting grounds, opportunity spaces and product innovations for the future of Britvic brands in UK and globally.

THE UNLOCK

Expert consumer trend analysis and insight that took thinking beyond just flavour, tapping into underserved demographics and using tech to open up new opportunities in health & wellness.

THE RESULTS

A range of concepts that solved three challenges, to 'Lead in Natural Flavour', 'Build an Alternatives Pipeline' and 'Crack Adult Socialising'.



SUPERCHARGING SCOTCH

THE CHALLENGE

To tackle the growth of luxury Tequila by revitalising the Scotch experience across the world's biggest Scottish whisky portfolio.

THE UNLOCK

Breaking down barriers to trial and amplifying relevance by injecting colour, lightness and vibrancy to the category. Fuelling a pipeline of luxury offerings with experiences and design that moved the category beyond rarity and age statements alone.

THE RESULTS

19%
Value
Growth
(2022-2023)

21%
Share of
International
Whiskeys

39%
Scotch
Market Share
(2023)



BUILDING PREMIUM BRANDS

THE CHALLENGE

A lack of consistency and clear sense of direction across the markets meant 1664 was failing to fulfil its commercial potential. A universally aspirational positioning was needed to unite and inspire, establishing fundamentals for growth across the marketing mix.

THE UNLOCK

A globally distinctive positioning and creative platform, bottling the playful elegance of Paris. From here, we built a compelling pipeline of innovations that have driven HHP and premium category growth across Asia and Europe.

THE RESULTS

Since the partnering with the brand in 2019 we've helped drive volume: **+29% YoY**
 Our work help drive **incremental category growth** through sourcing new consumers (18-25 and women) into the beer category

THANK
YOU.



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