

New lease of life for instant coffee

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Mokate's trial and error affair

Instant coffee has always fared well in Eastern Europe, given it's what consumers grew up with back in the iron curtain days. In 2005, over 67% of the region's coffee value sales came from instant coffee, compared to 29% in Western Europe and a meagre 13% in North America. The older generation, in particular, love instant coffee and in the early 1990s, Polish manufacturer Mokate launched an ingenious product - Mokate with Magnesium - specifically targeted towards this segment of the market.

The product was so well received and enduring in its popularity that Mokate launched a whole new line of fortified instant cappuccinos in April 2004: Vitale Aloe Vera with calcium and multivitamins, Vitale with coenzyme-Q10 and selenium, Vitale Slim Figure and Vitale Ginseng. Unfortunately, Polish consumers were not yet ready for such an exotic line-up, and the new Mokate Vitale is now facing withdrawal from supermarket shelves. A key reason for the poor performance of this new line was a lack of advertising, which left consumers confused and unenlightened about the benefits of the products.

Anything goes in Asia

Japanese consumers are more adventurous than the Polish, however, and in 2005, fortified/functional instant coffee registered value sales of US\$52 million in Japan (compared to US\$3 million in Poland) and are predicted to grow to US\$71 million by 2010, according to Euromonitor International. Functional ingredients are big business in Japan, where consumers are uniquely well informed about their benefits. Instant coffees contain a diverse range of functional ingredients, such as calcium, black soybeans, polyphenols, or oligosaccharides and new product variations are continually entering the market. The top-ranking product is Ajinomoto's Blendy Instant Oligosacharide, which was launched in August 2005 and is designed to benefit intestinal health.

Instant coffee fortified with ginseng is all the rage in Indonesia, where the category grew by 32% between 2002 and 2005. Fuelled by intensive advertising campaigns, the sector grew by 18% in the last year alone. CNI, a direct marketing company, leads with its CNI Ginseng Coffee, and a whole spate of newcomers have recently started nestling in, including a South Korean producer Hanmayum with Hi Red Korean Ginseng Coffee. Indonesian consumers are traditionally well versed on the vitality-enhancing properties of ginseng, and they appreciate the added value of this type of product. Although value sales in Indonesia only amounted to US\$0.7 million in 2005, Euromonitor International expects fortified instant coffee to record extraordinary growth of nearly 90% between 2005 and 2010.

Look East for instant success

While traditional coffee drinking nations, who are barely willing to put up with instant coffee, may balk at the idea of having their favourite beverage – adulterated – in any way, countries which have relatively recently discovered the joys of coffee, have no such qualms. On the contrary, their consumers appreciate the low price of instant coffee and welcome fortified versions for their perceived added value. If supported by adequate marketing efforts, Euromonitor International predicts that fortified instant coffee will catch on throughout Eastern Europe, as well as Asia Pacific. Ginseng instant coffee, for example, has the potential to be a huge hit in South Korea, Malaysia and China within the next decade.

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