



the propagation of single-serve machines from the workplace into consumer homes. Green Mountain's licensing partnership with Keurig, the brewing machine manufacturer, has so far yielded great rewards. As the distribution of home brewing machines looks set to increase as consumers opt for upscale products and convenience, Green Mountain is well positioned to introduce an ever-broadening range of single-serve products.

The demand for Green Mountain's fair trade coffee, meanwhile, reflects an increasing uptake of cause-related products throughout the CPG industries. A recent Datamonitor report found that the food and drink were the industries in which consumers were most ethically aware and that US consumers were the most likely to participate in ethical activities. For Green Mountain, the shift in consumer attention to fair trade products has helped drive a 43.5% gain in sales of its certified fair trade and organic coffees in Q3, including sales of the company's co-branded Newman's Own Organic coffees.

The extent to which ethical consumerism influences food and drinks markets is, in part, itself driven by consumers' deepening understanding of the generally complex and interlinked ethical issues behind CPG production. It is clear from the latest raft of cause-related CPG offerings, such as Starbucks' launch of the Ethos bottled water brand in its US stores, that this is the case. Green Mountain, by focusing on new product trends and social responsibility and by tailoring its business relationships accordingly, seems well positioned to maintain growth through 2006.

Starbucks: diversity through ethics

Starbucks has introduced a bottled water product named Ethos, sales of which will contribute to helping alleviate the world water crisis. The product fits in well with Starbucks' attempts to play the corporate social responsibility card and is also 'on-trend' as it capitalizes on the ethical consumerism movement and the growing popularity of bottled water in line with healthy eating trends.

Starbucks has taken up the cause for safe drinking water, rolling out Ethos across its US stores. With plans to donate five cents per bottle sold, the company is hoping to contribute \$10 million over the next five years to boost clean-water supplies in poorer countries.

Ethos was acquired by Starbucks in April but has been available in the US for some time, in stores such as Whole Foods. This relative brand familiarity and the perception of it being established independently of a global player like Starbucks may help initial marketing efforts.

The cause-related marketing initiative complements Starbucks' recent focus on increasing its commitment to socially responsible practices, including providing ethically-produced coffee. Cause-related projects have become an increasingly popular way of connecting with consumers as they tap into shared attitudes and values.

Specifically, Ethos aims to help children gain access to clean water. According to figures quoted by USA Today, nearly a fifth of the world's population lacks safe drinking water. Given this, it is perhaps unsurprising that Procter & Gamble is also focusing on the crisis with its Pur system.

Also important from Starbucks' perspective is the fact that Ethos will add to the diversity of products offered. Consumers often purchase hot and cold drinks simultaneously and water is frequently chosen to alleviate the thirst-inducing effects of coffee.

The fact that growth of bottled water sales in the US is continuing unabated provides further optimism about Ethos' introduction from a commercial perspective. Indeed, the US bottled water market is forecast to be worth \$18.9 billion in 2009, up from \$13.8 billion in 2004.



Finally, although critics would suggest that many organizations' commitments to charitable causes are merely attempts to assist the bottom line, the multi-million dollar donations of companies such as Starbucks will hopefully make a difference to the lives of those in need.

Unilever: pod-testing the water

Unilever has announced plans to launch a line of Lipton teas formulated for the Home Cafe brewing system. This move comes as consumers are increasingly replicating out-of-home consumption experiences at home, and cafe-quality coffee at home is a key growth area. However, some ambiguity remains over whether these trends can include tea.

Lipton's new Premium Tea Pods are specially formulated for use in the Home Cafe appliance, a one-cup home brewing system that quickly produces gourmet tea. Flavor variants include English estate, vanilla hazelnut, raspberry truffle and citrus blossom green tea, and the pods will be available in stores throughout the US in September 2005.

Professional home-brew machines like the Nestle Nespresso and Philips Senseo have been popular with mass-market 'convenience gourmet' consumers who enjoy high-quality food and drinks but do not want to spend undue time or effort producing them themselves.

This kind of innovation in the tea industry is new, however; Lipton's tea pods being the first and only nationally distributed teas that, according to company literature, enable consumers to become in-home baristas and create cafe-style tea experiences at home.

Consumer behavior associated with indulgence and the sensory megatrend can be viewed in terms of 'bringing third places home'. The growing need for high-quality consumption experiences, as well as a prevailing cocooning mentality (Datamonitor research shows that 72% of Americans regard their home "as a retreat from the outside world"), means that more consumers are seeking at-home indulgences that replicate on-trade quality.

Channeling this type of product innovation into a new sector is an intriguing prospect. Replicating cafe-quality coffee has been a profitable but increasingly exploited opportunity, so it is natural to seek new niche opportunities.

However, whether or not consumers perceive cafe-produced tea to be of significantly superior quality to home-made brews is not conclusive. Only if this 'halo effect' exists, as it clearly does for coffee, will Lipton fully reap the benefits of these wider consumer trends.

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