

Instant origins

With origins increasingly supplying soluble, can they achieve a significant market share in competition with the main brands? One top London trade house thinks so . . .

London-based Complete Coffee, which has been trading both green and soluble coffee for decades, is home to a good deal of knowledge about the soluble sector, based as it is in the heart of a market predominated by instant coffee.

With clients throughout the UK and abroad, the company has strong links with origin soluble suppliers in both Asia and Latin America, and is keenly aware of the market for these products. The first thing to note, managing director Ian Bremner says, is that this sector of the soluble market is growing—both in volume and in sophistication. “Many companies look to blend origin soluble with what they are producing already, but increasingly, this is not necessary at all. Of course at the lower end of the market, origin soluble is not of interest; what is of interest there is the same old formula of price and quality.”

On the other hand, he adds, very important to most customers is reliability of supply, adaptability to client's needs and innovation—all available in spades from several origin suppliers. “Just because one might have an inexpensive product doesn't mean that you should be happy with the lowest common denominator—far from it,” he says. “Interestingly, you often find that origin countries or the smaller producers can be far more innovative than the big people. They

can react faster, and, to get business, they are willing to do things which the big boys are just not willing to do—I have heard that from several buyers. So in some ways there may be advantages to work together with a small origin producer.”

Market share for the various origins supplying soluble is dominated by Brazil, and that country has consolidated its position since the European Union's decision to allow soluble imports from there to be landed without duty. Colombia continues to be a strong player, Bremner says, in both the freeze dried and spray/agglomerated sectors. “Even in a country like India, there are now three producers, and although it does not figure as highly as some, I think it is going to be a growing supplier,” he adds. (*Complete Coffee represents Indian soluble supplier CCL, the details of which can be found in our review on page 26*).

Looking eastwards

Complete Coffee also trades a good deal of origin soluble into the markets of the former Eastern Bloc, which have a great deal of potential, according to Bremner's colleague Michael Elsam. “Of course you have to divide these immature markets into those that have a roast and ground tradition and those that have a soluble tradition,” he says. “The largest of the latter is Russia, which is about 85 per cent soluble and has been for many years.”

In the central European countries, a lot of the recent increases in coffee consumption are accounted for by soluble, he adds. “Take Poland, for example: the latest figures show an import of about 10,000 tonnes. In green equivalent that means something approaching 20 per cent of total import. Definitely the younger generation is more interested in soluble and the so-called ‘specialty products’ like cappuccino.”

Eastern Europe, besides being a market for origin soluble, could eventually be home to some increasingly sophisticated competitors,

Michael Elsam and Ian Bremner of Complete Coffee



Elsam feels. "Soluble, regrettably, is still a highly price-dominated market—although there are changes taking place as more and more people invest directly into this area," he says. "That is happening in Russia in particular of course, where a big brand has had to invest. But also smaller brands that we hardly know of in the West are investing away from Moscow, where land, warehousing and labour are a lot cheaper. And these are sophisticated investments—in other words, not just repacking but actually producing and even going into freeze drying."

Russia has a longstanding relationship with India which stretches back to the Soviet days, Elsam adds, and even now, India has its place in satisfying the country's dominant soluble demand. "If you think of Russia as just a few big cities," he explains, "the penetration of big brands and freeze dried is extremely high. But it is a market of 140 million, and if you go further and further away from Moscow and St Petersburg, I think people do buy on price and they know they get a consistent product from India. There is a big volume on Indian coffee going into that country, because it is well priced and well known."

Finding the niches

The demand for single origin soluble coffees is significant among the more mature markets, Breminer says, pointing especially to Britain and Western Europe, where the products are increasingly seen in supermarket shelves. He is also sanguine about the prospects for specialised niches such as Fair Trade soluble—successfully pioneered in the UK by the Food Brands Group's Percol brand. "This is something which is growing and is increasingly of interest both to consumers and indeed, to the producers," he adds.

While speciality soluble products in the mature markets tend to be led by the big names, like Nestlé and Kraft, Breminer adds, several innovative smaller soluble suppliers have sprung up. "They are interesting," he says, "because they seem to be marketers rather than manufacturers, so they are pushing these new ideas."

In any event, for the people at Complete Coffee at least, the being involved with origin soluble continues to be the place to be. "Definitely there is continued potential for growth in this area," Breminer concludes. **CFI**

