

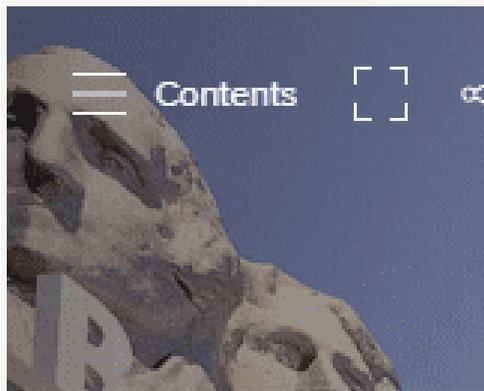
1750 MAGAZINE

Expert insight and analysis of the biggest trends and opportunities in the beverage industry

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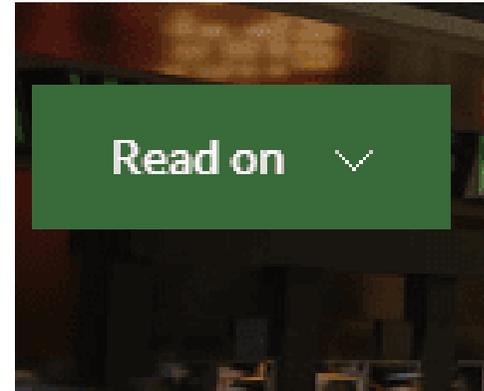
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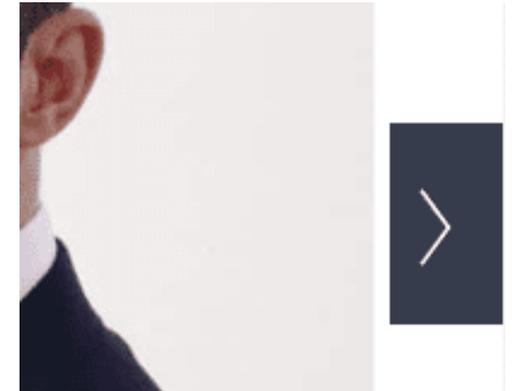
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WELCOME TO THE NEW EDITION OF 1750

A message from James Woodrow





WELCOME TO 1750

For those of you who don't know me, I am the new Group Managing Director of Finlays, joining the business in September 2022. This is my first edition of 1750 magazine and I'm delighted to share with you all some fantastic insight into the major trends, dynamics, challenges and opportunities that are shaping our industry.

Looking back over the last year, the beverages industry has continued to emerge from the shadow of COVID, but we – like many industries – are continuing to face major challenges. In China, COVID restrictions that lasted until December 2022 posed major disruption, particularly in food service. The cost of living crisis is affecting consumers globally, and our industry as a result. And we are all of course grappling with what may be the defining issue of our time – climate change.

Despite all of this, there are plentiful reasons to be cheerful. Our industry is as dynamic and ripe for innovation as ever, driven by consumers' unquenchable thirst for innovation. And of course, within the challenges mentioned above, there lies opportunity for businesses that are brave.

The last 12 months have been a major year of change for Finlays. In addition to me joining the business, we're nearing the completion of our cold brew coffee facility in the UK, and are making some significant improvements to our IT capabilities in the US. And of course, we have found a new strategic investor in James Finlay Kenya. JFK is a fantastic business that we know will go from strength to strength under its new owner, Browns Investments, which specialises in sustainably growing plantation businesses. It's very much a case of "so long but not goodbye" as JFK will play an intrinsic role as a key supplier of tea to our customers, and to our Kenyan tea extracts facility Saosa.

Looking to the future, we now have a strong blend of businesses across tea, coffee and extracts, and some exciting plans in the pipeline which I discuss in more detail later in this issue. Ultimately, we are focused on delivering for our customers around the world, helping to drive forward this great industry of ours.

Finally, I would like to express my thanks to all our customers, partners and team members around the world. Our success is only thanks to you.

I hope you enjoy this edition of 1750 – and as ever, if you have any feedback, please do share it with our editor Thom.Walton@Finlays.net



James Woodrow

Group Managing Director

A handwritten signature in black ink that reads "J Woodrow". The signature is written in a cursive, slightly stylized font.

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FINLAYS' GLOBAL FOOTPRINT

Where we are and what we do

Finlays 
Since 1750

FINLAYS' GLOBAL FOOTPRINT



THE FINLAYS HOT LIST 2023

Discover the trends heating up in the world of beverages

Words: Siân Edwards

GETTING WARMER - *Emerging Trends*

Next Generation Sweeteners

A new entrant for 2023. Consumers want to reduce their sugar consumption, but the flavour profile and perceived artificiality of alternative sweeteners has impacted consumer acceptance.

Recent innovations related to natural high-intensity sweeteners such as next-gen stevia, and taste modulators may elevate the options available.



HOT STUFF - Trends entering the mainstream



Natural Energy

A non-mover. Health-conscious consumers are still seeking a clean energy boost, driving demand for natural sources of caffeine, such as tea and coffee.



Affordable Indulgence

A new entrant to the list, consumers are increasingly seeking cost-effective luxuries to reduce their spending while maintaining the treat and indulgence occasion. Small luxuries like cold brew coffee and flavoured hot teas and infusions are well positioned for this trend.



Bubble/Boba Tea (and Coffee)

Major foodservice player Costa Coffee has introduced bubble tea, bringing it to high streets across the UK and beyond. Greater accessibility is likely to see this trend enter the mainstream.

BOILING HOT - Established mainstream trends



Low/No Alcohol

Another non-mover from last year, consumer demand for healthier alternatives to reduce alcohol consumption has not shifted. Sparkling teas and kombuchas are playing a major role.



Multi-Serve

Hot stuff last year, and boiling hot this year. Combining convenience, customisation and cost-effectiveness, we've seen increased demand for multi-serve packs such as 1litre cold brew concentrate



Click the image above to view and download the Finlays Hotlist infographic.

Or for more trends and insight, why not download our latest Beverage Trends Report?

MAN WITH A PLAN

Meet James Woodrow, Finlays new Group Managing Director

Since joining Finlays, James has quickly made his mark with a refreshed strategy that will refocus the company's approach to leading the beverage industry.

1750 Editor Thom Walton sat down with James to discuss his vision for Finlays, consumer trends, sustainability, and why health and safety is his number one, two and three priority...



TW: Thank you for joining us, James. You've been with Finlays for a year now – what has been your experience so far?

JW: It's been an eye-opening experience so far. Before I joined, my primary perception of Finlays was as a somewhat traditional tea business. I can now say with the utmost confidence that this couldn't be further from the truth. Since joining, I've visited our world-class cold brew coffee manufacturing facility in Texas, our extracts joint venture Damin in China, our pioneering tea extraction facility in Kenya, and of course our incredible tea businesses from the UK to China. Finlays is indeed a leading player in tea, but there is a whole lot more to

us than that!

The other thing that has struck me, while visiting our global locations, is the dedication, expertise and passion of our people and the desire to help customers get the very best out of tea and coffee.

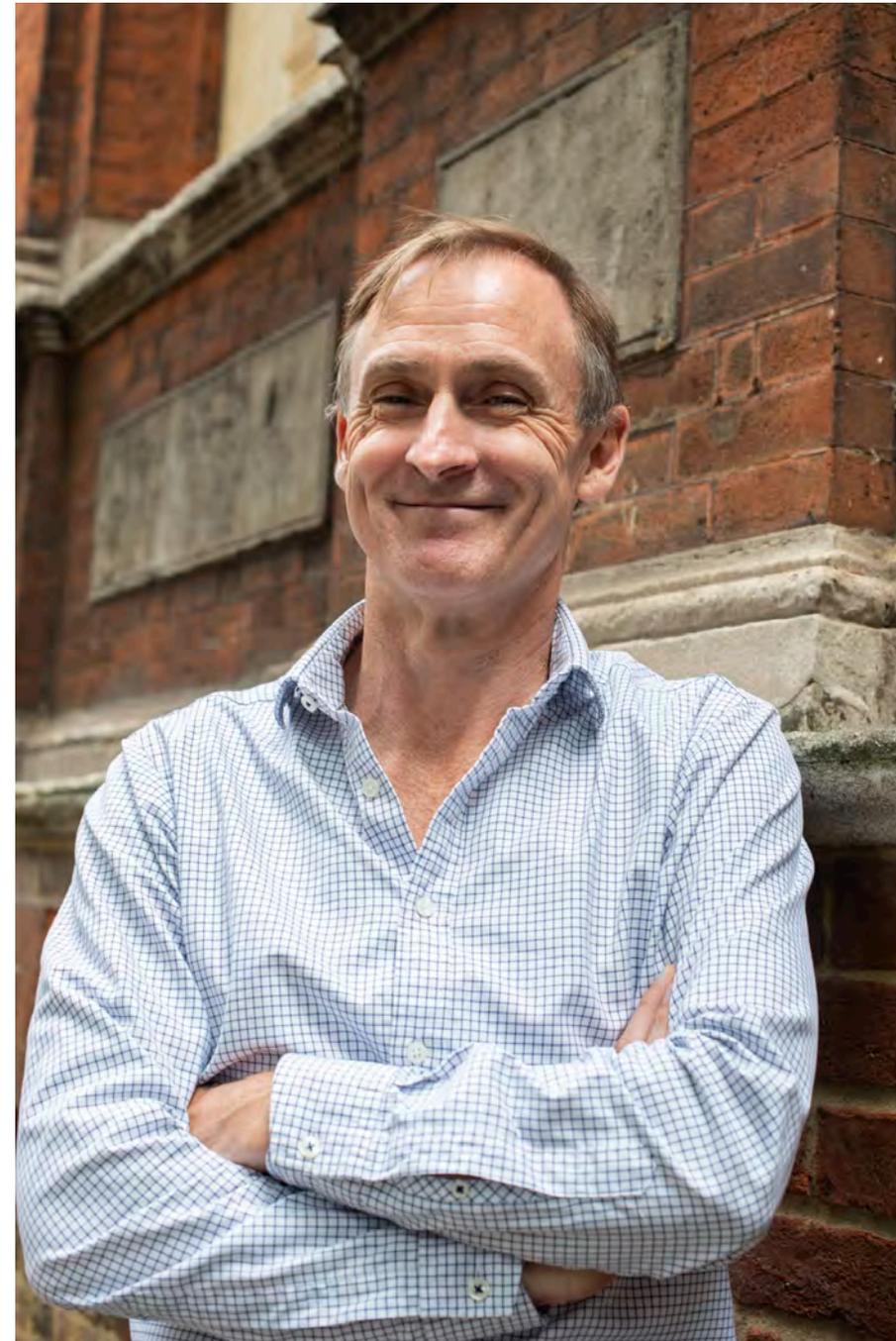
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THERE'S SOMETHING POWERFUL ABOUT BEING PART OF AN INDUSTRY THAT BRINGS SUCH TANGIBLE HAPPINESS TO

TW: What attracted you to the Finlays role?

JW: Firstly, there is something very special about

being able to walk five minutes from our London offices and be able to buy a beverage that we have helped to make, whether that's a cold brew coffee in a café, or a package of tea from the supermarket. There's something powerful about being part of an industry that brings such tangible happiness to billions around the world each day.

Beyond that is Finlays' incredible heritage stretching back to 1750, and the chance to oversee the exciting next chapter in the Finlays story. To achieve that longevity, we have demonstrated both excellent resilience and also the ability to adapt as the world has changed. Today, the world is changing faster than ever and the dynamism of the



natural beverages industry, driven by fast-growing consumer trends, is an extremely exciting proposition.

TW: What makes the natural beverages industry so interesting?

JW: The global beverages industry is superbly dynamic, driven by major long-term consumer trends such as sustainability, health and wellbeing, and experience. Globally, consumers are growing more demanding – they want new, they want better, they want ethical sourcing. They also want beverages that fit their lifestyles and offer more than just great taste.

This creates unlimited opportunities for innovation when we partner with our global customers. The customer bringing an opportunity they've identified. Finlays bringing the weight of our tea and coffee expertise and consumer insight. Collaborating to create something special.

The other thing that makes natural beverages so interesting is that tea and coffee are fundamentally simple products that can only be brought to market through complex supply chains. Most consumers tend to take tea and coffee for granted, but there is growing interest in how and where tea and coffee is produced. The challenge for us as a supplier

of ingredients and finished solutions is how we can simplify and de-risk supply chains for our global customers, while bringing the magic and passion of the production process to the fore as a way to add value across the supply chain.

“
The global beverages industry is superbly dynamic, driven by major long-term consumer trends such as sustainability, health and wellbeing, and experience

James Woodrow





TW: What do you see as Finlays' long-term role in the beverage industry?

Our focus has to be on where we can add most value for our customers, whether that's in tea, coffee or other natural beverages. We have a long heritage in tea, and that will continue to be core to our business, and we see increasing opportunities for our customers within the extracts and solutions space. As consumer demand evolves, so must our industry and so must we. Our aim is to play a leading role in this transition and be the go-to trusted partners for the global beverage industry, operating with supply chain transparency and a focus on quality, wherever we operate.

What will Finlays' increased focus on extracts look like?

Finlays is one of the world's leading producers of tea and coffee extracts, and currently, these are predominantly supplied to customers as an ingredient for use in formulations. This part of our extracts business will remain important, but we are now looking to drive further into offering full solutions – that is, a product where Finlays have added value to the core ingredient through additional activities such as blending, compounding and packaging for end use. In this way, we can become a true one-stop-shop for our customers.

And this is something we're already achieving today, particularly in China and the

US. Damin, our JV in China is a market leader in supplying extract-based solutions in China and increasingly across Asia. With a supreme focus on the customer, and the agility to respond quickly to both consumer demands and customer requests, Damin is the blueprint for how we will approach extracts and solutions globally.

Our other primary focus is the US market, where we're aiming to build on our leadership position in cold brew coffee. Finlays already has a powerful network in the US, as well as a fantastic team and the experience of partnering with the biggest and best brands in the industry. We have ambitious growth plans over the next few years. Part of this will be

looking to acquire businesses which help us to become a true one stop shop for all things beverages, much as Damini is in Asia.

Following the sale of James Finlay Kenya, is Finlays moving away from tea?

Not at all! We treasure our heritage and expertise in tea, and cherish the long-standing relationships we have with our customers in the tea industry. JFK is an incredible business, and will continue to be a key supplier to Finlays once the sale completes. Browns, the new strategic investor in JFK, specialises in sustainably growing plantation businesses, and is very well placed to support the JFK community in going from strength to strength.

And of course, we are retaining ownership of Saosa, our tea extracts facility that is located at JFK, supplying premium, high-quality extracts to global customers.

But it will be clear to everyone reading that, with the sale of JFK and - before that - our Sri Lankan Tea Estates, Finlays has re-evaluated its supply chain in tea to be less focused on owning tea growing operations. The exception here is Casa Fuentes, our Argentine tea farm business, which plays a critical role in the supply of tea extracts into the US market.

Vertical integration remains critical to our proposition, but our new approach is to deliver value for our

customers through strategic, long-term and direct partnerships with tea suppliers, and then adding value through our packing network, much in the same way we already do for coffee,

Finlays is launching a new sustainability strategy this year. Where will you be focusing?

Sustainability has always been central to how Finlays operates - it's one of the reasons we have been around for as long as we have. What's clear to me is that we - and the wider industry - are facing greater challenges than ever. The effects of climate change are undeniable, supply chains have never been more complex, and the people who



grow tea and coffee face grave socio-economic challenges. It's no exaggeration to say that these issues pose an existential threat to our industry.

That's why our new sustainability strategy focuses on these issues specifically. Firstly, we have an ambitious plan to achieve carbon net zero. Secondly, we will continue to drive our capabilities in sustainable supply, de-risking supply chains. And finally, we will continue to empower the people who are ultimately responsible for ensuring tea and coffee products can be enjoyed worldwide.

Carbon net zero in particular is an essential problem to

solve and can only be done in partnership with our whole network. But failure is not an option.

I would add that there is also huge opportunity for our industry within sustainability. Consumers have never been more alert to where and how their products come from. Brands and their suppliers should be looking at new and innovative ways to engage consumers on this vital topic. Ultimately, driving the sustainability agenda isn't just good for the planet and its inhabitants. It's good for business.

TW: You are a passionate advocate of the importance of health and safety – why is that?

Finlays is a family business, part of the Swire Group, and our people mean everything to us. I am particularly proud of the safety improvements we achieved in my previous role as Managing Director of Swire Shipping. It is our duty to ensure that people are safe when they come to work which is why the safety of everyone connected to our business is our first, second and third priority.

Through our 'Always Safe' culture, we have made excellent progress over the last few years in making Finlays an increasingly safe place to work, but the reality is that achieving a safe Finlays is a tireless pursuit. Safety must be front of mind for all employees, every day, everywhere.

Since the start of this year, we have been evolving our health and safety approach to be more proactive, engaging everyone at all levels and further building our safety culture. Thanks to the efforts of our global team, this is already yielding results and will always be our top priority.

TW: Thank you for your time, James. Do you have any final comments to share with our readers?

JW: I would like to thank all our customers for their partnership with Finlays! I look forward to working closely with you all on the exciting opportunities that lie ahead of us.

**“
CARBON NET ZERO
IN PARTICULAR IS AN
ESSENTIAL PROBLEM
TO SOLVE**

James Woodrow

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James Woodrow Biography

- **Joined Finlays in...** September 2022
- **Previous roles include...** Managing Director of Swire Shipping, Cargo Director at Cathay Pacific
- **Proudest achievement...** Achieving the highest revenues in Swire Shipping's 150-year history.
- **Education...** Master's in Law from the University of Cambridge
- **In his spare time...** running, cricket and hockey
- **Has his tea and coffee...** black ...and increasingly partial to the smooth taste of cold brew...

VIDEO: James discusses his vision for Finlays



LAND OF OPPORTUNITY

Discover the hottest trends in US natural beverages and explain why the us beverage market is such a land of opportunity for brand owners and operators.

Words: Stacy DeMars and Mia Baroni
3D Artwork: Ricardo Rey



AMERICA. LAND OF OPPORTUNITY. A VIBRANT MIX OF PEOPLE FROM ACROSS THE GLOBE SEDUCED BY THE AMERICAN DREAM OF LIMITLESS POSSIBILITY. AND – WE WILL ARGUE – NOWHERE DOES THE AMERICAN DREAM MANIFEST AS FULLY AS IT DOES IN THE BEVERAGE MARKET...

In 2023, the U.S. beverage industry is worth a super-sized \$760 billion^[i] and prides itself on offering more products than you could hope to consume in several lifetimes. This significant sector of the economy is providing a market that is constantly growing, seeking new ways to capture consumers' attention, and creatively fulfilling their evolving demands. From wellness beverages to indulgent bubble milk teas, the US beverage market is, in our humble opinion, where it's at for long-term sustained growth.

Natural selection

Growth is strong too within the natural beverages space with the market expected to reach \$220b by 2024^[ii]. Driven by consumers looking for products that deliver additional health benefits, the US natural and organic food and beverage space is one of the most dynamic categories for functionality, hydration and energy, and we are seeing lots of innovation in the natural category.

People with passion First

So, what drives the effervescent natural beverages market? Charley Snell, CEO of Finlays Americas believes a key reason why the US beverage market continues to flourish is that the US has the right people, talent and enthusiasm to bring fresh ideas to market.

He explains, "For us at Finlays, what is most exciting about the future of the beverage industry is that what we do brings out so much passion in people. Whether that be for what we are doing now or in the future, our team loves being a part of the beverage space and consumers love trying new beverages."

"The industry is driven by people who are deeply committed to creating exceptional beverages and delivering memorable experiences to their customers. We get to partner with amazing people in revolutionary categories who genuinely care about what they do and that gets me excited for what is next at Finlays."



Go big or go home – what’s next for natural beverages in the US?

So, what does the future hold for this ever-evolving space? And what role will natural beverages play? We asked experts from across our business to share insight on the inspiring trends and untapped potential in natural beverages, and to offer guidance on how brand owners and operators can capitalise.

Ease and convenience are top of mind

Lifestyle has become a major trend in beverages as Americans cultivate healthy habits and seek to balance busy lives. The desire for grab-and-go products plays a key role in consumer demand for beverages in convenient formats and packaging. From single-serve pack sizes for on-the-go sipping, to multi-serve bottles that offer a coffee shop feel at home, consumers have been reaching for

ready-to-drink (RTD) beverages more frequently post-pandemic. In fact, US consumers are responsible for nearly a third of all global revenue from non-alcoholic beverages sales^[iii].

What’s Next? Expect to see unique variations of beverages that support the American consumer’s curious tastebuds, active lifestyles, and wellness goals. Jean Koffinke, Director of Retail Sales explains the trend from Finlays perspective, “Brand owners are increasingly coming to us for support in tapping into these trends. The key, from our perspective is to blend unique consumer insights, applications expertise and the right mix of packaging formats to co-create products that outperform the market.”



Lifestyle has become a major trend in beverages as Americans cultivate healthy habits and seek to balance busy lives

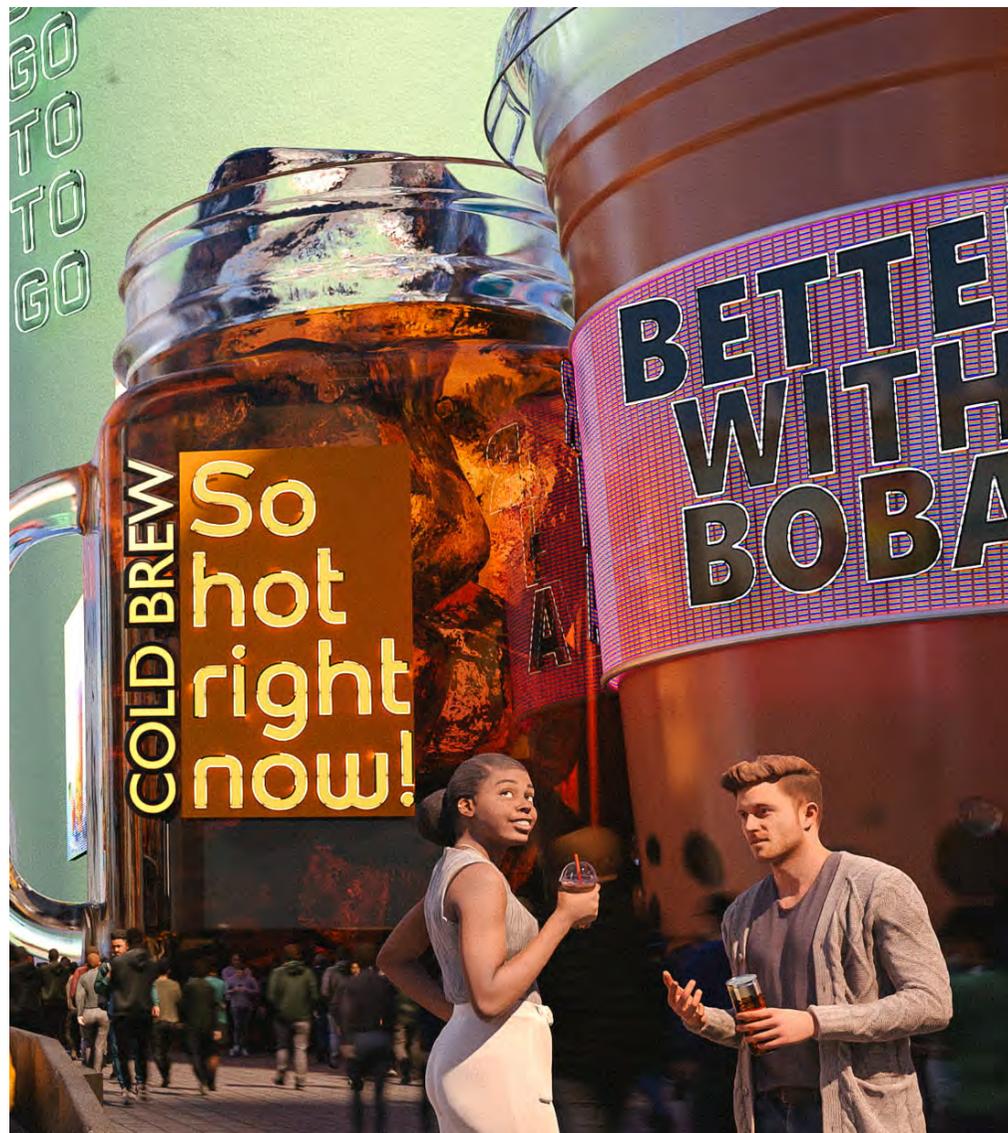
Coffee Obsessed?

Caffeine, particularly in the form of “clean energy,” is at the top of consumers’ minds. In a study by GlobalData, 73% of US consumers said energy-boosting ingredients were ‘nice to have’ or ‘essential’ when making purchasing decisions.³ No category has seen proof of this sentiment more than coffee. Over the last 30 years, consumers have developed a discerning taste for high-quality coffee, increasing demand for specialty coffee beans, new brewing methods and elevated flavour profiles.



US consumers increasingly becoming coffee aficionados has led to greater focus on sustainability and supply issues. About half of coffee drinkers say they are more likely to buy coffee when they see 'Fair priced paid to farmer' (54%), 'Grown on farms that treat workers well' (51%) or 'Grown in an environmentally sustainable way' (47%)^[iv].

This growing focus on sustainability could be important as coffee supply faces a number of challenges. Stephanie Thornton, Coffee Product Marketing Manager explains, "Climate and economical changes pose a risk to supply. In the future, we might see an alternative coffee wave that helps secure supply. Robusta beans, for example, are growing in popularity as this resilient coffee type becomes more recognised as a quality source of flavour and supply."



What's Next? Consumer preferences evolving from "cup of Joe" to "coffee aficionado" offer phenomenal opportunities to supercharge the coffee category for decades to come. At Finlays, we believe the key will be offering elevated experiences and seeking ways to tap into consumers' growing interest in sustainability.

RTD Tea has not had its moment (yet.)

Since its maturation, ready-to-drink tea has not yet had a ground-breaking non-alcoholic adaptation in the United States. "Tea has so much runway in the US. It has so much to offer as it relates to all the components that people are looking for in a beverage. These amazing benefits are recognised globally, but there are major differences in how tea is perceived here versus globally," says Allison Cash, Chief Commercial

Officer.

Tea checks all the boxes for the modern consumer, as one of the original plant-based ingredients with reported health claims to support improvement in focus, calmness, anti-inflammation and numerous other benefits. Yet, there is an untapped potential in tea. “Cold brew revolutionised the RTD coffee market as we know it today. It was a moment that changed the trajectory of the industry. RTD tea is still waiting for its own moment... but it’s coming” says Stacy DeMars, Marketing Manager, Brand.

What’s Next? The key to the growth of tea lies in the industry capturing the imagination of the consumer and driving understanding of its nuances and health benefits, delivering excitement into this category. This might mean working to educate on how tea varieties and growing

regions can influence flavour profiles and preferences, better articulating tea’s “health halo” in branding, or finding new ways to create tea experiences.

Natural caffeine could give the energy drink market wings

With their exceptional work ethic, is it any wonder Americans can’t get enough of energy drinks, and today the market today is worth \$23.5bn and growing at a CAGR of 8.3%^[v]. But change is coming as US consumers start to seek more natural alternatives in the form of “clean energy” drinks. These are powered by natural caffeine, derived from tea, and offer a healthier alternative in the eyes of the consumer.

What’s next? Brands such as Zoa and V8 Energy have already stolen

share in this category, and we expect this trend to continue at speed. The global health and wellbeing megatrend can’t be ignored, and brand owners can capitalise by seeking to add healthier, more convenient, and more sustainable natural energy products to their portfolio.



THE KEY TO THE GROWTH OF TEA LIES IN THE INDUSTRY CAPTURING THE IMAGINATION OF THE CONSUMER



Interactive poll not supported

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THE HOME OF THE BRAVE

For those with the bravery and imagination to chase the American dream, the US beverages market offers limitless potential. The only question you should ask is, “how big do I want to go?”

And it wouldn't be American of us to finish this article without some good old-fashioned American hustle about why you should choose Finlays as your beverage partner. Well, for one we are laser-focused on helping the US brand owners and operators realise the opportunity that lies before them by offering full-service solutions from ideation to commercialisation. Not only that we partner with you every step of the way to help you create bespoke (custom) beverages that consumers crave.

So, if you want to want to supercharge your beverage portfolio, let's start the conversation.



*Charley Snell, CEO Finlays
Americas*

[GET IN TOUCH VIA
EXTRACTS@FINLAYS.NET](mailto:EXTRACTS@FINLAYS.NET)

References

- [i] Zippia. “15+ U.S. Beverage Industry Statistics (2023): Refreshing Trends, Facts, and Stats” Zippia.com. 6 March 2023 / [ii] Food Navigator / [iii] Statista. “Non-Alcoholic Drinks – Worldwide” statista.com 2023. / [iv] National Coffee

INNOVATION, INNOVATION, INNOVATION

Damin, Finlays' China-based joint venture, is going from strength to strength. 1750 spoke to Damin's Chief Operating Officer Mote Pooley to find out more about Damin's capabilities, and to discover what the future holds.

Words: Thom Walton



Thank you for joining us, Mote. For those who aren't aware, could you introduce Damin to our readers?

Damin – a joint venture between Finlays and Damin founder and Chairman Mr. Jiang Aiqing – is one of the world's leading suppliers of tea, coffee and botanicals extracts. We offer a wide and growing range of product categories, and our products are supplied from three manufacturing sites located in Zhangzhou and Nanjing, whilst we have a new headquarters in Shanghai which opened in 2023.

Tell us about your new HQ and why you chose Shanghai

Our new corporate headquarters in Shanghai marks the start of an exciting new chapter in our history. Given the majority of Damin's domestic key account customers are concentrated around the Shanghai

region, establishing our presence in China's bustling commercial hub is central to our mission to continually enhance our service levels and customer centricity. Going forward, our customers can now find Damin's Sales and R&D teams more conveniently based out of the new Shanghai headquarters, ready to respond more quickly and directly to our customers' needs and enquiries.

What sort of products and solutions does Damin offer?

Based on our customers' specific requirements, we can supply products in either liquid or powder format, offering both spray-dried and freeze-dried options for our powders. So whether you need a particular variety of tea extract, blended leaf tea, herbal tea concentrates or hot or cold brew coffee extract, Damin can develop the perfect solution for you. We also



offer botanicals, fruit or vegetable extracts, compound formulations, flavoured syrups, freeze-dried solid products or even monkfruit-derived all-natural sweeteners.

Packaging is important too and our options include most of the standard pack types typically used for raw materials supply to manufacturers (cartons, bags, BIB, etc.). In addition we have also developed capability for a wide array of convenient packaging types ready for final retail use, again both in liquid as well as powder or solid format. These packaging types include numerous configurations of sachets, strips, sticks, tea bags, mini cups and capsules, pillow packs, pouches and PET bottles, as well as Tetra Pak.

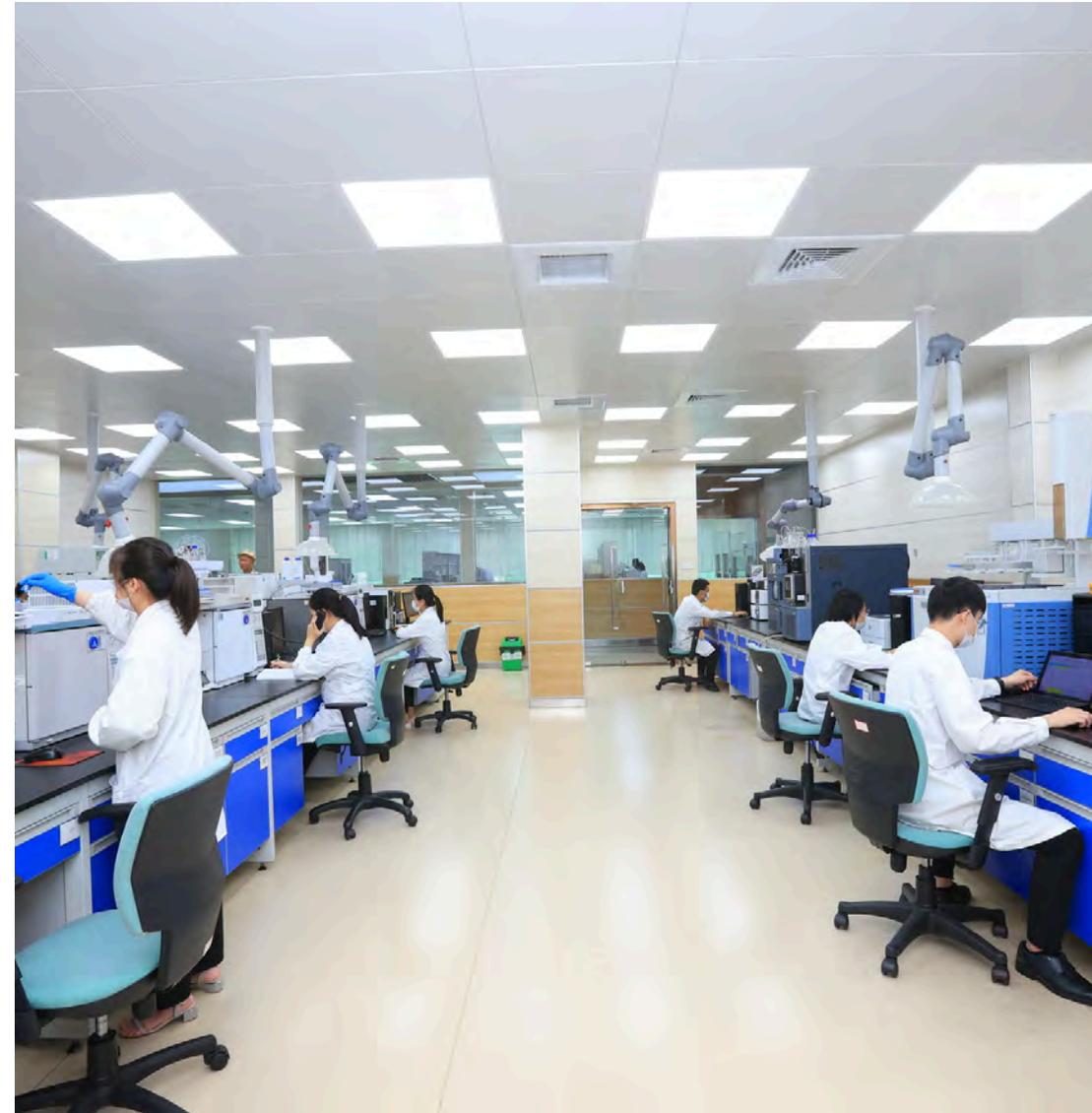
With our processing capabilities and freeze-drying equipment, we can also supply a wide range of solid applications packaged into individual

servings, such as fruit tea blocks that instantly dissolve in water, healthy yoghurt snacks, or even instant soup mixes.

Through all of these options, we can help our customers deliver the right solution for their specific target positioning, market and consumer segments.

R&D is important to Damin. What are your capabilities in this area?

Having broad and deep R&D capabilities has always been central to our unique value proposition. Damin's Research Institute comprises over 70 dedicated R&D professionals, divided into specialist teams across the broad disciplines of Raw Materials R&D as well as Applications R&D. This team is committed to continuous innovation and, over the years, it has been awarded more than forty scientific



invention patents, more than twenty utility model patents, and developed more than 11,000 product formulations.

Therefore, no matter whether in the field of extraction technology research, functional evaluations, leaf tea or coffee applications, food service channel solutions, or indeed final retail product development, Damin's teams of R&D subject matter experts are ready and waiting to support our customers on any particular project or enquiry.

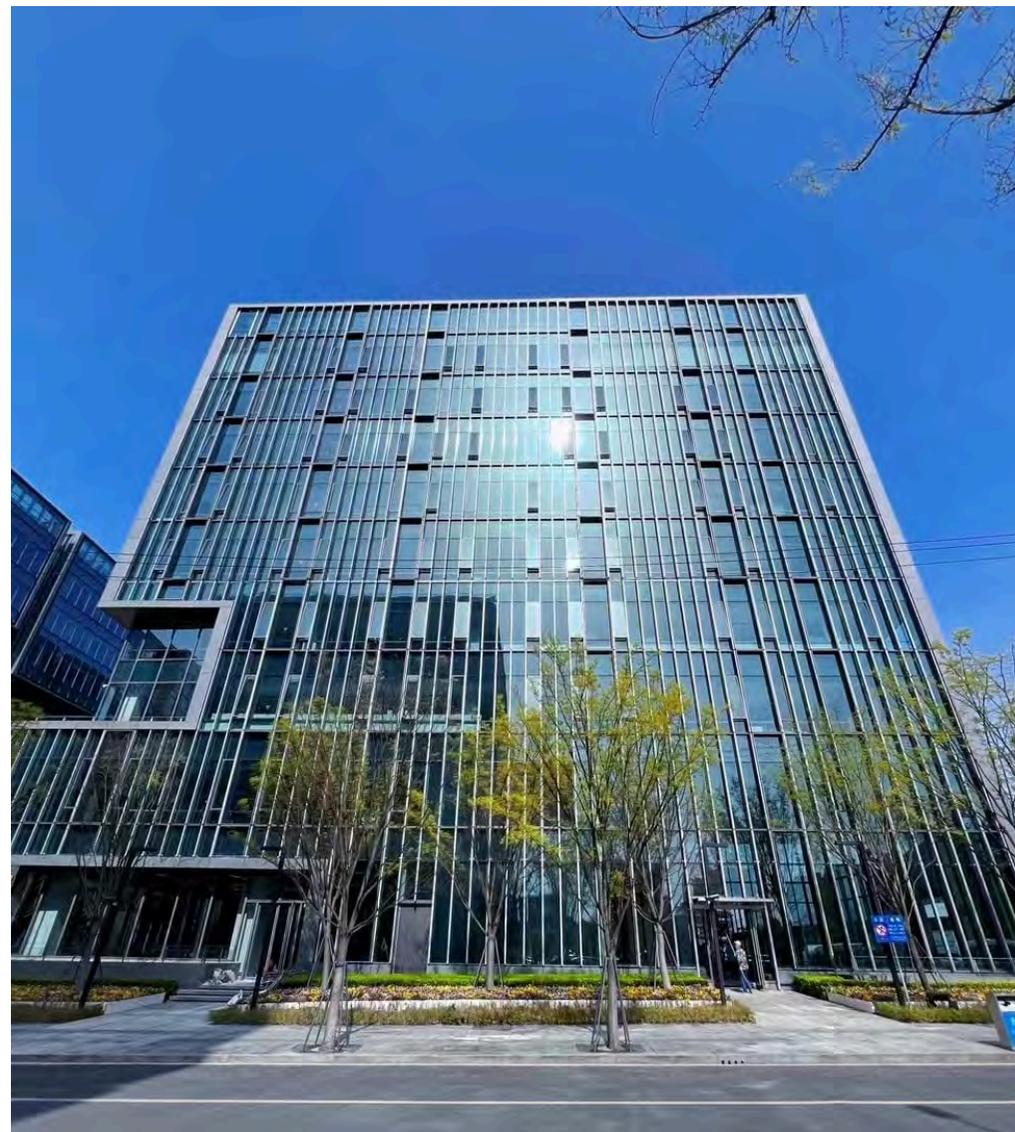
How does Damin ensure agility in responding to customer need?

We have a full range of pilot line capabilities in place and are able to provide comprehensive production trials and validations for all project types throughout the development process, prior to progressing to full-scale production phase. With the

additional pilot line that we are currently setting up at our new Shanghai headquarters (scheduled to be online by Q4 2023), we will offer even greater responsiveness and agility to support the requirements of our customers around the Shanghai region.

What is your approach to delivering high-quality products?

Damin has extensive in-house capability and experience in laboratory testing, operations and management. In 2019, we established Jike Testing Technology (Fujian) Co. Ltd as an independent testing agency. Jike handles external business in addition to Damin's in-house testing requirements and has developed testing and detection capability for more than 30 food categories, including edible agricultural products, condiments, meat products, cakes and beverages.



Having obtained all relevant accreditations (such as CMA, CNAS, CATL and UK FAPAS), and with capability for over 2,000 testing items developed to date, Jike represents another area where Damin is uniquely positioned to support our customers, and where we are continuing to expand both capability and capacity.

What about Damin's manufacturing capabilities?

Our products are sold all across the world, and we are privileged to partner with a diverse range of brand owners, manufacturers, food service operators and retailers, as well as health product companies. We have invested in a comprehensive range of production lines and packaging capabilities. With these extensive manufacturing capabilities complementing our R&D services, Damin can offer a truly

“one-stop” solution to take our customers' projects from concept development through to delivery.

How does Damin work with Finlays?

There are many different ways in which Damin and the wider Finlays group work together. For example, on the commercial side, we take a group approach to managing major global customers, in which our local contact points manage the relationship in each region to supplement the relationship at the central/head office level.

Damin also leverages the group's upstream raw material supply network in order to offer our customers a wider variety of product options, such as tea bags with Kenya or Sri-Lanka-sourced leaf tea. Meanwhile, as a group, we also work closely together in other key areas including quality, health and safety,

and sustainability. Going forward, there are countless possibilities to further leverage our group's combined capabilities across the different regions, which can only be a good thing for our customers and consumers.

What does the future hold for Damin?

Damin has always been committed to promoting healthy living and, looking ahead, we anticipate that the focus on health and wellbeing is only going to intensify; as such we are continuing to expand into health product categories, so that we can offer an increasing number of product types with validated functional and nutritional benefits. By bringing together our strong R&D and manufacturing capabilities to support our partners, we are uniquely positioned to unlock more value together, and to play our part

in bringing healthier lifestyles to consumers around the world.



Mote Pooley is Chief Operating Officer of Damin

CHINA BUBBLES UP

Five key trends in on the Chinese beverage market

Words: Siân Edwards

“Let China Sleep, for when she wakes, she will shake the world”

- Napoleon Bonaparte

While it’s unlikely Monsieur Bonaparte had bubble tea in mind when he made this prediction over 200 years ago, he might – inadvertently – have been on to something where the Chinese beverage market in 2023 is concerned.

Consumer spending in China reached an all-time high in 2022, reflecting a healthy recovery post-COVID, deemed ‘revenge spending’ by McKinsey. Driven by factors such as urbanisation, rising incomes swelling the upper middle classes, the rise of social media and the intersection of western and eastern foodservice trends, the Chinese beverages market has never been such an exciting prospect.

Here are five key dynamics to watch:

1. The race for outlet numbers



Chinese foodservice operators are in an outlet arms race. So far this year, Luckin’ Coffee has opened 13 outlets per day, reaching a milestone 10,000 stores in June 2023. Starbucks, China’s second largest chain, is

targeting 9,000 outlets by 2025, from a base of 6,000 at the end of 2022. Bubble tea giant Mixue, however, leads the way, operating more than 21,000 outlets across China, making it the fifth largest QSR chain worldwide behind McDonalds, Subway, Starbucks and KFC. One thing’s for sure, the Chinese market offers unprecedented opportunities for scale.

2. The future of food delivery



Half a billion Chinese people used online food delivery services in 2022. Beverages represented over a quarter of all deliveries, with products such as bubble tea particularly popular among younger consumers. E-commerce giant, Meituan even trialled drone delivery in 2022, completing 100,000 drone-flown food orders, signalling the future of food and beverage delivery. This makes a wider range of beverage products accessible to consumers, but also places pressure on brand owners to make beverages suitable for delivery – whether that’s the packaging or the product itself.

3. China bubbles up globally



We've talked about the growth of Western chains in China since KFC first entered the market in 1987, but today the dial is shifting, as Chinese operators eye up global growth. Bubble tea appears to be leading the way with Chatime reaching 3,000 stores across 60 countries, Gong Cha expanding into 1,900 outlets across 21 countries and Mixue, building on phenomenal growth in China with 600 stores across 11 international markets. Not only will

this drive major growth in Chinese outlets, but also the popularity of traditional Chinese ingredients and flavours, so we may see growth of flavours such as nashi pear and winter melon in markets worldwide.

4. High rates of innovation



China was the second largest market and the only major market to see continued growth in product launches in 2020 during COVID-19. Consumer demand for new product experiences is fuelling high launch activity and driving high growth in limited time offers (LTOs) and

seasonal launches. In 2023 so far, 6% of all beverage launches in China carried a seasonal claim, up from 4%

5. The Tea and Coffee Revolution



last year and just 1% in 2019. This is placing increasing pressure on brand owners to innovate and invest in NPD, to meet Chinese consumer demand for new flavours, new products and new experiences.

Tea has been an integral part of Chinese culture for millennia, and

today, China is the largest producer and consumer of tea globally. Coffee might be a comparatively new addition to the Chinese market but is steadily gaining ground with double-digit growth across hot and RTD/iced variants. You might expect that coffee would be stealing share of spend from tea, but in fact, Chinese consumers find occasions for both beverages. Perhaps that's because, rather than being seen as a more traditional beverage, China's young consumers are thirsty for tea innovation, seeking products like Xiangpiaopiao instant tea, bubble tea and visiting foodservice outlets experimenting with preparing tea in a syphon.

As we continue to watch the phenomenal growth in China's beverage industry, one thing's for sure - it's one of the most exciting places to be in the tea and coffee industry right now.



Interactive poll not supported

[View online version](#)



VIDEO: Sian Edwards discusses the major trends in China

References: McKinsey, 2023 / World Coffee Portal, 2023 / Statista, 2023 / Verdict Food Service, 2023 / Chatime, 2023 / Gong Cha, 2023 / World Coffee Portal / Mintel GNPD, 2023 / Mintel GNPD, 2023

RESHAPING BUSH TO BEVERAGE

How Finlays is reshaping its supply chain for a sustainable future

Words: Jenny Harrison

Illustration: Sofia Burlak



THE SHAPE OF FINLAYS' TEA BUSINESS HAS NOTICEABLY CHANGED OVER THE LAST FEW YEARS, FOLLOWING THE SALE OF OUR SRI LANKAN TEA FARMS IN 2021 AND THE SALE OF OUR KENYAN TEA FARMS THAT WILL TAKE PLACE LATER IN 2023.

These decisions might have given you the impression that Finlays is moving away from its Bush to Cup proposition in tea. While our business is less focused on directly owning and operating tea farms, our Bush to Beverage proposition remains central to how we deliver differentiated solutions for our customers.

After all, this concept offers powerful benefits to us, our customers and our suppliers, including supply chain visibility, cost and service efficiencies, as well as a sustainable, end-to-end supply which can make a positive impact down to the farm level for both tea and coffee.

But we are now approaching our Bush to Beverage capability differently. In today's fast paced and ever-evolving beverage industry, integrated supply chains are increasingly vital for

companies to stay competitive. They are also evolving from linear models to collaborative ecosystems, offering improved efficiency, cost savings and enhanced customer satisfaction. Future supply chains will embrace real-time data sharing, advanced analytics and automation, empowering faster decision-making and agile operations. And this is a journey Finlays is embarking on too.

These ecosystems, driven by the need for agility and sustainability, are reshaping global value chains such as ours at Finlays, particularly as we increase our focus on tea and coffee extracts.

We are mobilising our end-to-end value chain for improvement-focused collaboration and partnership development all the way from Bush to Beverage. This starts with sourcing tea and coffee raw materials from origin through manufacturing and ending with us delivering finished extracts to our regional and multi-national beverage brand customers, retailers and foodservice operators.



So what does the future of Bush to Beverage look like for Finlays?

Collaboration for Resilient Supply Chains: Ecosystem Development

Collaboration with supply and service partners is paramount to achieving seamless integration and resilience. We have nurtured strong strategic relationships with our ecosystem partners such as raw material suppliers, contract manufacturers, packers and logistics providers across continents and country borders. With performance management and continuous improvement, we strive to enhance efficiency, minimise disruptions and deliver high quality and consistent products. Together, we can optimise processes, synchronise inventory levels and leverage shared insights to drive growth and mitigate supply chain risks.

Navigating the Changing Landscape: Embracing Regional Integration

The future of supply chains is being shaped by the increasing recognition of the benefits of regional integration. The beverage industry is witnessing a shift towards reshoring and collaboration within closer geographic proximity. This move is driven by several factors, including the desire for sustainability, reduced lead times, enhanced collaboration with local partners and improved responsiveness to customer demands.

As companies embrace regional integration, they can achieve a range of advantages. Proximity to suppliers and customers allows for shorter supply chains, leading to reduced transportation costs and carbon emissions. Closer collaboration fosters stronger relationships with local partners, enabling shared insights, faster decision-making and improved supply chain visibility.

A key example of this at Finlays is Casa Fuentes, our Argentine tea farm business, which plays a central role in growing tea used to create

differentiated tea extracts and solutions, which are sold into the high-growth North American market for bottled and dispensed iced teas. In collaboration with our beverage brand customers, we've developed and supply products which source the leaf tea raw material from Casa Fuentes, for both extract manufacturing and solution packing with strategic supplier partners – both in the region and closer to the end customers. We've also streamlined those product and information flows through supplier continuous improvement and supply chain optimisation in planning and logistics.



Navigating the Challenges: Robust Supplier Relationships

The path towards regional integration holds promise, but is not without challenges. Companies must strengthen supplier risk management, adapt to regional regulatory frameworks, and build resilient partnerships. Robust supplier relationships, risk mitigation strategies and flexibility are essential to navigate these challenges successfully and build sustainable supply chains at every level.

Fortunately, Finlays has a strong track record in this. We were an early pioneer of the direct trade model in coffee and, today, we hold close and trusted relationships with coffee growers around the world. Our unique approach offers customers the benefits of a Bush to Beverage model with price risk mitigation, traceability and transparency, and consistency of supply. We are increasingly adopting this model for sourcing tea. We can still offer customers the same benefits of bush to beverage supply chains, while having a smaller footprint in owning tea farms and instead holding close and trusted relationships with tea



growers and suppliers.

Supply chain industry experts have highlighted the significance of regional integration and reshaping supply chains, with real-world examples and case studies that demonstrate the benefits of proximity for operational efficiency and effectiveness. The concepts of off-shoring, near-shoring and friend-shoring are giving way to closer collaborations and sustainable practices with suppliers who can offer relevant competitive advantage at global, regional or national levels in the quest for agility and resilience.

The Future of Bush to Beverage

Looking to the future, enhancing our supplier relationship management process – for both tea and coffee suppliers – is a core focus for our sustainable supply strategy. We've widened our commitment beyond traceability to encompass the significance of social, economic and environmental practices across our supplier base. We're pursuing supplier continuous improvement projects for mutual benefit and

working across our businesses to enable stronger performance and development, which can ultimately benefit our entire ecosystem.

Leveraging regional and global integration selectively across the value chain enables companies to achieve sustainability targets, reduce costs and enhance customer satisfaction. By addressing challenges such as supplier risk management and regulatory compliance, Finlays is well placed to help beverage brand owners navigate this changing landscape successfully. Ultimately, reshaping supply chains for a sustainable future will pave the way for stronger partnerships, reduced environmental impact and the delivery of exceptional products and solutions.



***Jenny Yao Harrison Is Group Director of
Supply Chain at Finlays***



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THE LATIN CONNECTION

The advantages of Finlays' integrated tea extract network in the Americas.

Words: Ryan Collins

Illustration: John Deaville





WHAT MAKES A GOOD TEA BEVERAGE? HOT, ICED, BLACK, GREEN, HERBAL, DAIRY, BOBA? WITH SO MANY OPTIONS IT IS DIFFICULT TO PROVIDE ONE SINGLE ANSWER. EVERY CULTURE, REGION AND INDIVIDUAL HAVE THEIR OWN UNIQUE TEA TASTES AND PREFERENCES.

In the US, one choice has risen to the forefront: iced black tea. In fact, 80% of tea consumed in America is iced tea*. In the US, ready-to-drink tea manufacturers fulfill consumer demand for a clear and mild-flavoured black tea by using tea extracts that are stable in beverage applications and pair well with flavours.

To achieve this at Finlays Americas, we look south – down towards our Argentine tea farming business, Casa Fuentes. Argentine tea is a standout performer when it comes to achieving the clarity and flavour profile needed for a range of iced tea applications for the US market.

But did you know that between Argentina and the US, our tea extracts make a detour via another South American country? Through our

strategic partnership with Tresmontes S.A. in Casablanca, Chile, we turn Argentine leaf into the tea extracts consumers across North America enjoy every day.

Here's how we do it:

1. The high summer temperatures and abundant rainfall in Misiones create fantastic conditions for tea growing. Tea can be harvested mechanically, driving efficiency, before the harvested tea undergoes withering, crushing, fermentation and heating to produce black tea.
2. Casa Fuentes harvests leaf six months a year, November-May, and then ships material over 2,200 km into Chile. During peak season the tea is trucked through snow covered mountains which can be treacherous and sometimes impassable.
3. When the leaf finally arrives in Casablanca, Tresmontes processes it into concentrated tea solids. By concentrating the soluble tea solids from the leaf, shipping volumes are

drastically reduced by up to 90% when compared to shipping whole leaf tea destined for direct leaf extraction.

4. The journey from Tresmontes to the port of New Jersey is just over 5,000 nautical miles, travelling through the Panama Canal. This journey is more efficient when compared to distances from other global tea producing regions, which typically pass through the Suez Canal.
5. The tea extracts arrive at the Port of New Jersey where containers are unloaded and shipped to our local warehouse in New Jersey, ready to be used to create some of the leading tea beverages in the Americas and fulfill customers orders.

The Finlays-Tresmontes partnership offers our customers many advantages. It offers brand owners their desired flavour profile, great clarity, cost-efficient processing and supply chains, along with advantages over tariffs into the Americas and a sustainable shipping footprint, by shipping tea solids instead of leaf tea.

At Finlays, we always strive to bring our customers the best from Bush to Beverage and the Finlays-Tresmontes partnership is a great example of that in action.

Ryan Collins is Tea Marketing Manager at Finlays Americas

[REQUEST MORE INFO ABOUT OUR TEA EXTRACT SOLUTIONS](#)

* US Tea Association





A LATTE LOVE FOR TEA

Meet Narra, a new range of Asian-inspired ready-to-drink, dairy-free, naturally caffeinated oat milk lattes that use tea as a base rather than coffee.

Here we discuss the story behind the Narra brand, why tea is the perfect ingredient to shake up the RTD latte category, and our plans for the future.

Words: Victoria and Miggy Reyes

Images: Narra

'MERIENDA' IS THE FILIPINO TRADITION OF TAKING A MIDDAY BREAK TO SIP, SNACK AND RECHARGE. WITH OUR FILIPINO HERITAGE, IT WAS SOMETHING WE LOOKED FORWARD TO EVERY DAY BUT HAD BECOME THIS DREADED MIDDAY SLUMP WHEN WE BECAME WORKING PROFESSIONALS.

That's because, in the US market, the RTD latte space is heavily dominated by coffee and we couldn't find a perfectly balanced product that could get us through the day without having too much sugar or caffeine that comes with all the jitters. Despite the incredible benefits it offers, tea is hugely underused in the RTD latte category.

That's where the idea for Narra came from. By combining the untapped potential of tea with the flavours of our childhood, we brewed

up a unique lineup of oat milk tea lattes that offer a natural caffeine boost. Our aim is to revolutionise the latte category, breathing new life into a beverage that has long been synonymous with coffee. That's why we embrace tea as the foundation of our innovative creations. Unlike traditional latte brands, Narra's lattes bring a refreshing twist to the market and fill a much-needed gap.

By using tea as a base, Narra offers a smooth and focused energy boost without any jitters or crash. Drawing inspiration from our Asian heritage and assimilation into the US, Narra creates a tapestry of flavors that celebrate a modernised approach to cultural drink traditions with three culturally-driven flavors: Roasted Oolong, Black Tea, and Strawberry Matcha.



For us, Narra is a way to celebrate our cultures and communities, and we hope to instill nostalgic joy for those who grew up with these flavors, and inspire curiosity, conversation, and new cravings for those unfamiliar with them. Through Narra, we hope to provide that joyous merienda feeling, just like having that perfect midday escape to get you recharged and ready to finish the day strong while still getting you to bed on time.

We launched Narra in the summer of 2023 and we've had a great reaction from the market so far. Our partnership with Finlays has been a huge advantage in getting Narra to market. Finlays' long-standing presence in the tea industry allows them to provide unparalleled expertise to their customers.

Looking to the future, the goal is to grow Narra into a household name. We are already looking into new, delicious flavors and although our initial launch was primarily online and throughout our home state of California, we are already getting placement on retail shelves outside of California and continue to work our way towards national distribution within the next few years.

Victoria and Miggy Reyes are the founders of Narra – a line of Asian-inspired ready-to-drink, vegan oat milk lattes that offer a remarkable and focused energy boost without any jitters or crash. For more information visit www.drinknarra.com



SUSTAINABLE FUTURE 2030

The biggest sustainability challenges
facing the beverages industry, and
Finlays' approach to solving them

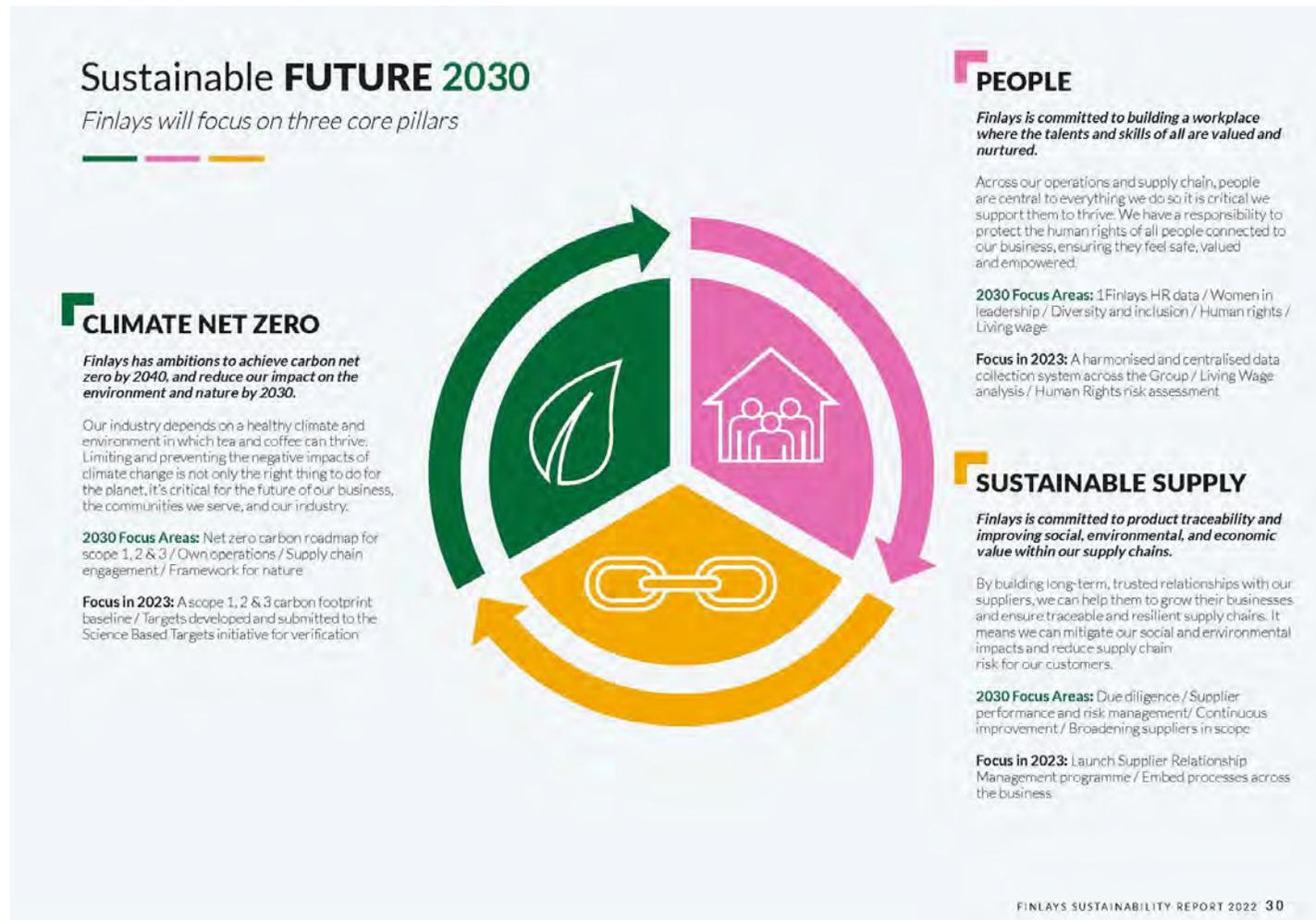
*Words: Joe Yalley-Ogunro
Photography: Giulio Mazzarini*

THE NATURAL BEVERAGES INDUSTRY IS FACING MANY CHALLENGES. CLIMATE CHANGE, SUPPLY CHAIN COMPLEXITY, AND SOCIAL ISSUES HAVE BECOME URGENT AND DEFINING GLOBAL THEMES – BOTH FOR OUR INDUSTRY AND FOR CONSUMERS – AND WILL ONLY CONTINUE TO GROW IN IMPORTANCE. THIS MAKES SUSTAINABILITY AT FINLAYS MORE IMPORTANT THAN EVER.

It's a about joining forces with the wider industry and turning challenges into opportunities. Having absorbed the lessons from Sustainable Future 2018-2022, we've embarked on an ambitious sustainability agenda spanning three key pillars of sustainability, under the umbrella of *Sustainable Future 2030*.

These pillars are aligned to the biggest challenges facing our industry, and where we think we can have the greatest impact.

On the right you can see an overview of our new strategy, and on the following pages is more detail.



An overview of Sustainable Future 2030

1. The imperative of Climate Net Zero

THE CHALLENGE: Scientific consensus is aligned that continued warming of the planet to above 1.5 degrees from pre-industrial levels will mean the resulting impacts are difficult to adapt to and irreversible. Already, we experience prolonged heatwaves, intensification of storm events and food and water insecurity. In May 2023, the UN indicated it's more likely than not that 1.5 degrees will be reached by 2027. For agriculture, tea and coffee production which thrive in predictable weather conditions this poses significant challenges.

OUR APPROACH: Addressing climate change effectively requires a new level of ambition. At Finlays, we are committed to reducing our impact on the climate in line with science. The Science Based Targets initiative (SBTi) defines and promotes best practice in emissions reductions and target setting in line with climate science. More businesses are developing SBTi aligned targets and action plans to dramatically reduce emissions to net-zero by 2050. A key point of note is that, internationally, governments are not universally aligned behind achieving net zero by 2050.

Finlays commitment to SBTi will mean taking actions such as increasing use of renewable energy, innovating use of water and tackling emissions embedded in agriculture. Perhaps most importantly influencing our supply chain to be more sustainable is probably our greatest challenge. Fortunately, Finlays is priming our supplier relationship management approach to support us in achieving necessary progress.



2. Sustainable Supply overlap

THE CHALLENGE: In recent decades improved supply chain management processes have led to faster and more efficient production and distribution of goods globally. The challenges for supply chain sustainability are also subsequently greater. Environmental and social impacts, such as resource depletion and labour rights require complex solutions to understand the associated risks and to mitigate them. Key to positive outcomes will be collaboration and supplier engagement beyond the traditional compliance defined boundaries.

OUR APPROACH: In any strategy there are overlaps between key areas. Along with Finlays net zero ambitions, working with suppliers on traceability, due diligence and human rights will be a key part of a sustainable future by 2030. Incorporating economic, environmental and social challenges into a Sustainable Supply ambition is the second pillar of Finlays approach.

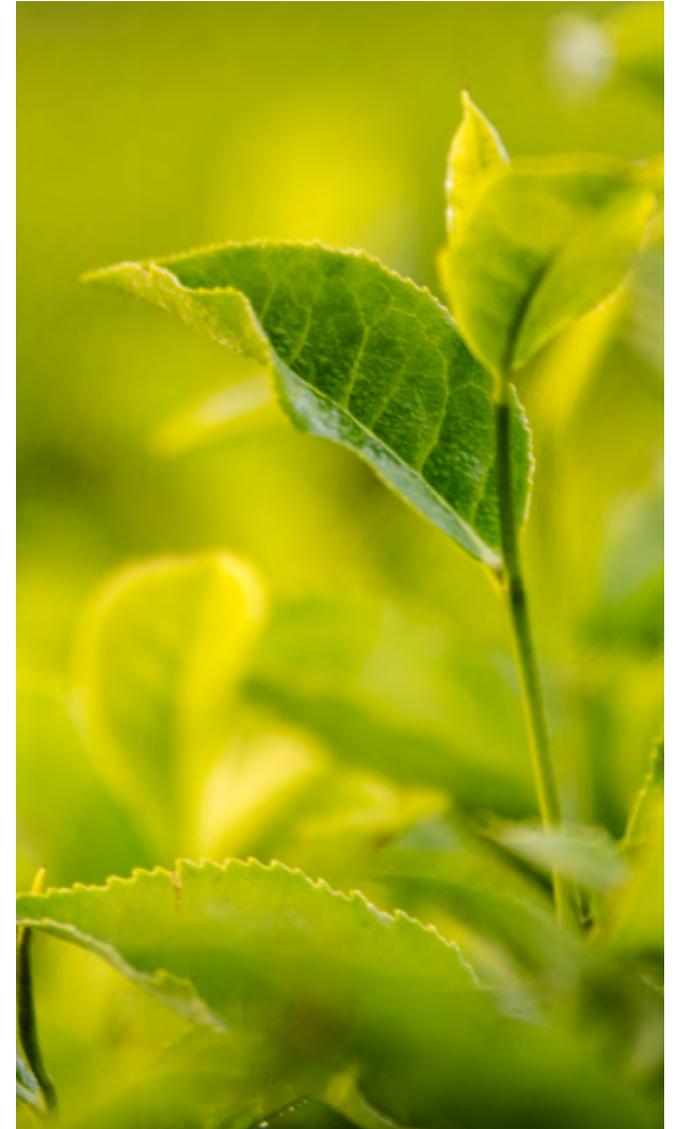
The business world is undergoing a bit of a revolution in supply chain management.

Organisations that take an 'end to end' approach to a sustainable supply-chain are being viewed as future proofing themselves. Actions taken to embed continuous improvement in supplier relationships and performance are key to demonstrating a more responsible and sustainable supply chain. In this scenario it will be vital to engage, support and learn from suppliers to ultimately make Finlays' supply chain more sustainable.



Organisations that take an 'end to end' approach to a sustainable supply-chain are being viewed as future proofing themselves

Joe Yalley Ogunro





3. Delivering for our people

THE CHALLENGE: Social sustainability and impact are notoriously difficult to measure and evaluate. Globally, the importance of social sustainability in business is surging backed by improved human rights due diligence requirements. In the world of tea and coffee known for intensive labour practices, social sustainability is further under the microscope alongside climate change and supply chain.

OUR APPROACH: A socially sustainable approach that has demonstrable positive impact can only be as good as the people responsible for it are at understanding and implementing it. It also relies on how well impacted people are supported, valued and have access to remedy. It is why People is the third pillar of our Sustainable Future approach 2030. At Finlays we are committed to ensuring that the workplace environment across the whole business is one that values, supports and promotes people and recognises the contribution they play in and on behalf of our business. This will mean focussing

on robustness of our HR data, continuing to champion women in leadership, a renewed focus on Diversity and Inclusion, and of course, re-focussing on Human Rights

Joe Yalley-Ogunro is Finlays' Global Head of Sustainability

[CLICK HERE TO READ OUR LATEST SUSTAINABILITY REPORT](#)



VIDEO: Joe Yalley-Ogunro discusses sustainability

BREWING DIGITAL SUCCESS

Why digital transformation should be high on the agenda for the Tea and Coffee Industry

Words: John Walsh



THE NATURAL BEVERAGES INDUSTRY IS OFTEN SEEN AS SOMEWHAT TRADITIONAL, BUT DOES IT HAVE TO BE?

With a growing market, dynamic product innovation and consumers increasingly demanding high-quality, sustainable products, our industry is ripe for digital transformation that delights consumers and brand owners alike.

So what might this look like not just today, but tomorrow as well? Taking a long-term view, there is a host of ways that we could be using digital innovation to drive our industry forward, increasing value across the supply chain, expanding reach, and enhancing operational efficiency.

1. Strengthening Customer Engagement

Digital solutions open new avenues for B2B businesses to engage brand owners and their consumers in novel ways. For example, a business can use online chat and social media to interact with customers in real time. Mobile applications which can securely connect back to enterprise grade systems (such as ERP or CRM) allow for personalised customer experiences showing for example new product offerings which may be of interest or latest status on a pending delivery. Virtual reality and augmented reality technologies could also be leveraged to allow customers to virtually explore tea and coffee farms, immersing themselves in the production process. Such engagement fosters brand loyalty and generates a sense of connection and trust between passionate growers and conscientious customers.

2. Streamlining and Securing the Supply Chain

Digital technology can help beverage businesses to optimise supply chains, ensuring smooth operations from field to cup. From a growing perspective, the integration of Internet of Things devices can allow for real-time monitoring of crop conditions, inventory levels, and quality control. Smart sensors can detect factors such as temperature, humidity, and light, ensuring optimal storage conditions throughout the supply chain. Modern data science approaches coupled with rigorous and auditable governance practices enhance transparency and traceability, assuring customers of the origin, quality, and sustainability of their tea and coffee.

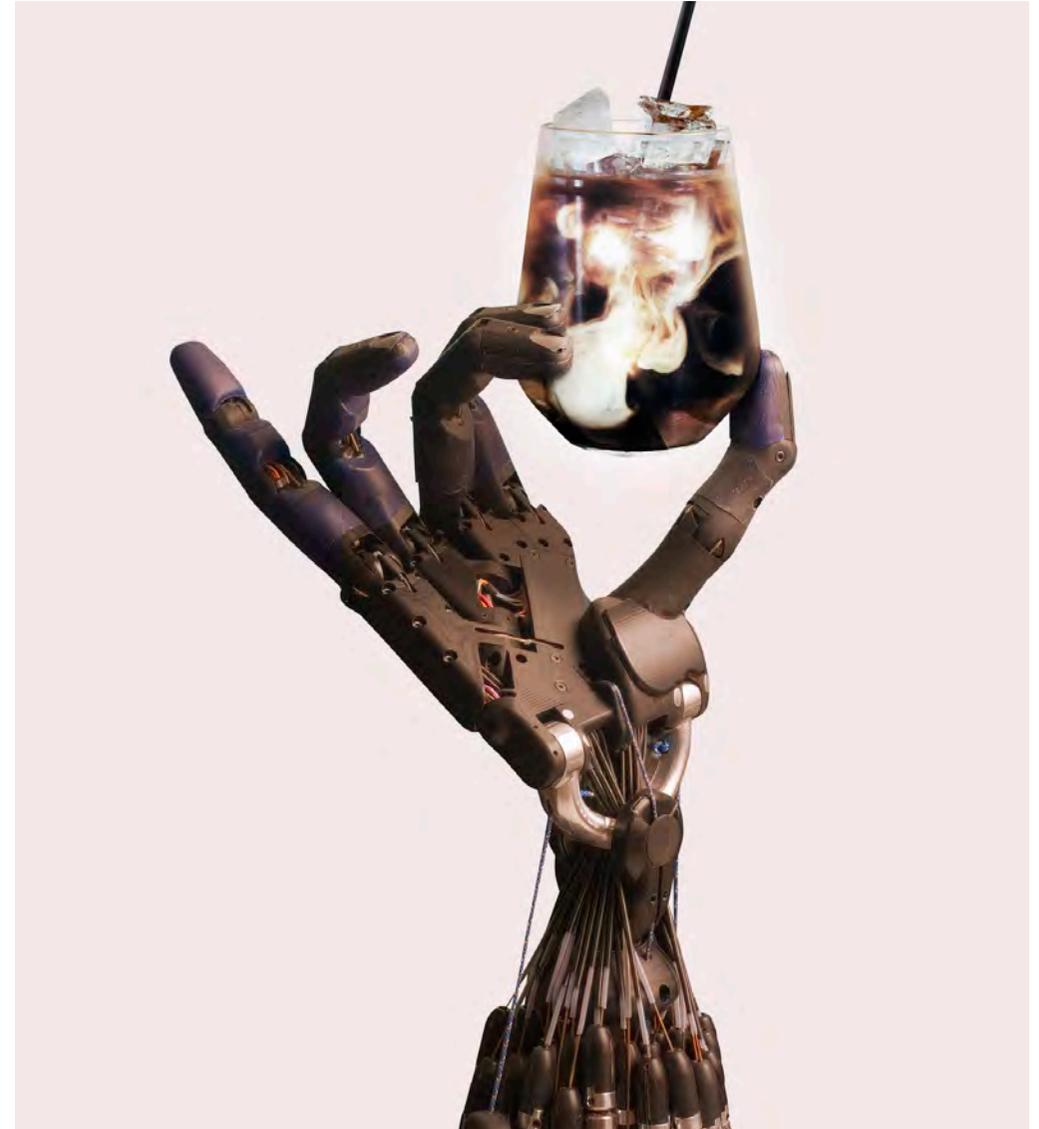


3. Cultivating new markets

Digital technology bridges geographical barriers, expanding the reach of B2B businesses in the tea and coffee industry by providing access to new customers and partners. They can use e-commerce platforms to sell their products into new global markets. By integrating those e-commerce solutions with relevant internal systems and data, businesses can ensure only those products with the necessary regulatory approvals are offered for sale in each jurisdiction. Online B2B marketplaces provide convenient platforms for buyers and suppliers to connect, streamlining the procurement process and allowing suppliers to personalise content offering to different potential buyers.

4. Sustaining Sustainable Practices

As sustainability becomes a greater priority, digital technology empowers B2B businesses to showcase environmentally responsible practices. Across the supply chain, relatively affordable Internet of Things-enabled devices can be used to monitor resource consumption, reducing waste while helping relevant functional leaders to optimise energy usage. Machine learning algorithms can analyse huge volumes of data to identify areas of improvement in cultivation, processing, and packaging, minimising environmental impact. By leveraging digital platforms, businesses can better communicate their commitment to sustainability, educating customers and encouraging responsible consumption. This not only appeals to eco-conscious consumers but strengthens reputation.



5. Growing Innovation and Personalisation

Digital transformation can supercharge innovation in the tea and coffee industry, leading to the development of new products and experiences. AI-powered chatbots and virtual assistants provide instant customer support, addressing queries and resolving issues promptly. By leveraging consumer data (for example by better understanding buying patterns of consumers for a given product category), businesses can provide more tailored product recommendations and exclusive offers to their customers. Leveraging the same data set infused with generative AI, highly targeted and personalised marketing campaigns can be developed. By embracing digital innovation, B2B businesses can stay at the forefront of the industry, continuously delighting customers with innovative offerings.



Digital transformation at Finlays

Most of the technology I have mentioned above is already here – the question is how quickly can our industry move to take advantage? In my view, the answer is “as quickly as possible”.

For example, within Finlays we are busy deploying Optical Character Recognition (OCR) technology to automatically scan handwriting on documents, digitise that information and then automatically load the result into relevant internal systems. We have developed a mobile ready application to allow easy reporting and rapid escalation of Health & Safety concerns especially for those employees who are not always office-based.

Leveraging cutting-edge dataware capabilities, we are building out a global data collaboration platform

which will ultimately allow our customers to access the data which is most relevant for them, irrespective of where that data is sourced from. Employees across the globe can use the same platform to pull together disparate data sources and so generate new insights which drive increased operational efficiency and ever greater customer value.

The tea and coffee industry might be steeped in heritage, but there are huge benefits for digital transformation. By blending traditional expertise with modern digital solutions, we can create a compelling proposition, enabling the industry to not only survive but to exponentially thrive moving forward. Here is to brewing digital success for the future of beverages.

***John Walsh is Finlays' Global
Head of IT***



VIDEO: John Walsh discusses digital transformation at Finlays



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COLD BREW HEAT MAP

Cold brew has taken the coffee industry by storm, generating triple digit growth in mature markets such as the USA, and heralded as the next big thing in developing coffee markets the world over. But what happens next to the 'next big thing'? What's the future for cold brew coffee in the USA, and how is it emerging in markets such as China and West Europe?

Words: Siân Edwards

North America

Where are we today?

Cold brew coffee is well established in the USA, the world's largest consumer and producer. It accounts for one fifth of the overall market value* and more than half all RTD coffee launches in retail.

Where it's going next.

In this mature market, we're seeing the category continue to develop, particularly in line with major consumer trends for health and wellbeing. Interest in added functionality has increased as consumers look for 'drinks with benefits' to support their physical and mental wellbeing. Products with specific caffeine levels (both low and high) are appealing to consumers looking for an energy boost, while also wanting to regulate their caffeine intake. This is contrasted with the development of indulgent products that draw on favourite flavours, such as snickers and churro, offering consumers a sense of nostalgia and escapism from busy and stressful lifestyles.



China

Where are we today?

As a traditional tea-drinking nation, coffee consumption has typically been low in China. The average Chinese consumer drinks five cups per year, according to the International Coffee Organisation, less than 2% the amount consumed by Japanese or American consumers**. However, coffee is increasingly fashionable with younger consumers, aided by the major expansion of chains such as Starbucks, Luckin' and Costa in urban centres. China is a flourishing coffee market, still in its infancy with major growth potential.

Where it's going next.

Cold brew has a major role to play in market development in China, as a convenient, refreshing and premium beverage. We're seeing major players, such as Starbucks and JDE Peets generate major activity and drive innovation in the category, with products such as sparkling cold brew and instant (soluble) cold brew. While the overall coffee market is still in relatively early growth stages, the impact of multinational brands is intersecting with exposure to NPD on social media to drive mature innovations and consumer engagement in cold brew coffee.



Western Europe

Where are we today?

Influenced by the North American market, there is growing consumer awareness of cold brew coffee in Western Europe, driving fast growth in launches and consumption. Similar to the US, much of this activity has been driven by major brand owners, such as Starbucks and Califia, launching products across both retail and foodservice. But, unlike the USA, cold brew coffee is not yet firmly established in the mainstream, with the category on the cusp of a major breakthrough in Europe.

Where it's going next.

From Finlays' proprietary study of UK consumers, we know that people associate cold brew coffee with a smoother taste, reduced bitterness and higher quality products, but this awareness is not widespread, and there remains some confusion about the production methodology. The opportunity for major brand owners to enter, educate and own the European market is huge.



LATAM

Where are we today?

Latin America is one of the world's foremost coffee producing and consuming regions, led by Brazil, where coffee is consumed by 97% of the adult population. However, RTD/iced coffee has been slow to take off in the region, with consumers appearing more ambivalent to the new formats and concepts such as iced and speciality hot coffees that have taken hold in third-fifth wave coffee markets.

Where it's going next?

Totalling \$170mn in 2022, the RTD/iced coffee market remains small, but is expected to reach c\$225mn in 2027. Much of this growth is expected to be driven by younger consumers, who are exhibiting greater engagement in premium coffee and multinational chains such as Starbucks, vs. older generations. Multinational trends intersecting with a regional love for coffee makes Latin America a major opportunity market for future growth of RTD/iced coffee, and cold brew in particular.

REFERENCES: *Nielsen/Technomic 2023, **The Economist, 2019, ***GlobalData Plc, 2022, ****GlobalData Plc, 2023

Middle East & Africa

Where are we today?

RTD/iced coffee is just emerging in this region, totalling less than \$150mn in consumer sales in 2022. This is expected to reach c.\$220mn by 2027, with growth of +10% CAGR during this period (2022-27)**.

Where it's going next.

So, while the overall category remains in early stages, there is strong growth potential particularly when considering the high demand for premium/adult soft drinks in the region. A high proportion (38%) of consumers in the Middle East & Africa don't drink alcohol (vs. 22% global average), creating a large potential market for soft beverage brand owners in this region****

[REQUEST A CALL BACK TO SPEAK TO ONE OF OUR TEAM ABOUT OUR RANGE OF COLD BREW SOLUTIONS](#)

COLD BREW VIEWS

Understanding consumer attitudes to
cold brew coffee in the UK

Words: Bethany Physick

THE UK COLD BREW COFFEE MARKET HAS BEEN STEADILY GROWING FOR THE LAST FEW YEARS BUT HAS SOME WAY TO GO BEFORE IT BECOMES THE INDUSTRY TITAN IT IS IN THE US.

At Finlays, we think that could be about to change which is why we're opening a brand-new cold brew extraction facility in the UK later this year, aiming to partner with European brand owners to supercharge the growth of this most exciting of segments.

To understand what might drive this trend, we commissioned proprietary research of UK 250 consumers^[1] to understand the what, where, why and how of cold brew consumption habits.

^[1]** Finlays proprietary research, 2022. UK only, sample size: 250+



THE UK COLD BREW COFFEE SEGMENT IS SMALL ...

1



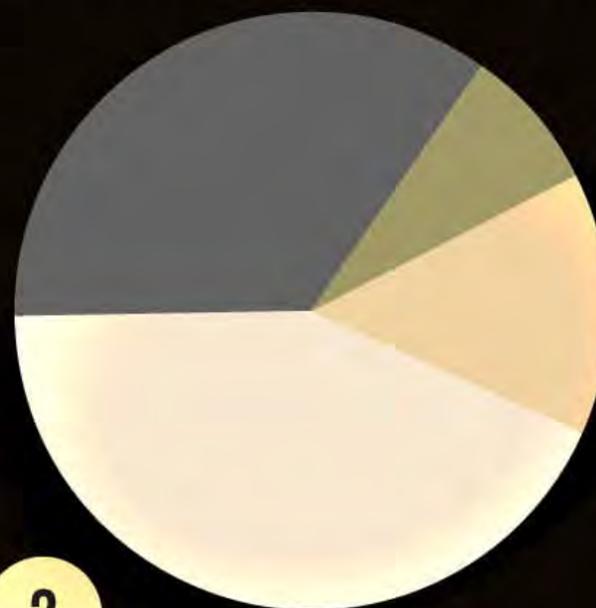
£10M
MARKET SIZE
2022

22%
CAGR
2022-2027

£26M
MARKET SIZE
2027

PERHAPS THATS BECAUSE FANS OF COLD BREW BUY IT REGULARLY...

2



8% DRINK IT DAILY

14% DRINK IT WEEKLY

43% DRINK IT MONTHLY

OR

BECAUSE IT ADDRESSES A WIDE RANGE OF CONSUMER NEEDS...

- 44%** DRINK IT FOR REFRESHMENT
- 39%** DRINK IT TO COOL DOWN IN SUMMER
- 38%** DRINK IT AS TREAT
- 31%** DRINK IT FOR A CAFFEINE BOOST
- 30%** DRINK IT FOR A CHANGE
- 20%** DRINK IT TO TRY A NEW PRODUCT

3

OR BECAUSE
IT'S ASSOCIATED
WITH BETTER
TASTE AND
HIGHER
QUALITY...



4

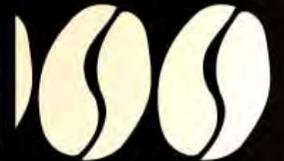
35%
SMOOTHER TASTE



33%
BETTER COFFEE FLAVOUR



22%
LESS BITTER/ACIDIC



19%
HIGHER QUALITY PRODUCTION



13%
DOESN'T BURN THE COFFEE



OR BECAUSE IT'S POPULAR
WITH YOUNGER CONSUMERS

5

 10% 18-24 YRS

 26% 25-34 YRS

 32% 35-44 YRS

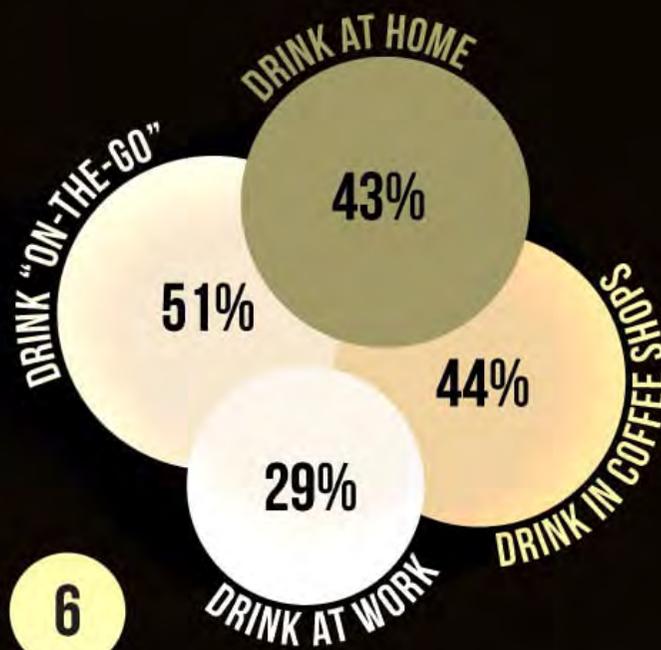
 16% 45-54 YRS

 12% 55-64 YRS

AGE GROUPS THAT HAVE TRIED IT

WHATEVER
THE REASON,
COLD BREW
COFFEE IS AN
EXCITING
PROSPECT FOR
BRAND
OWNERS AND
OPERATORS...

IT CAN DRIVE OUT-OF-HOME AND
ON-THE-GO SPEND...



7

IT CREATES NEW BEVERAGE OCCASIONS



43% MID MORNING WITHOUT FOOD



29% WITH LUNCH



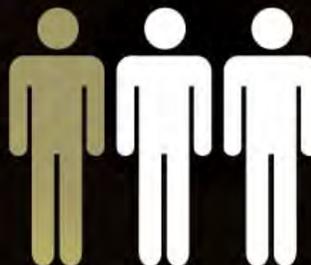
41% MID AFTERNOON WITHOUT FOOD

AND CRUCIALLY, FANS OF COLD BREW ARE WILLING TO PAY A HUGE PREMIUM FOR IT...

32%

A THIRD OF CONSUMERS WOULD PAY TWICE AS MUCH FOR A COLD BREW COMPARED TO A STANDARD ICED COFFEE

8



£3.50



THE PRICE UK CONSUMERS ARE WILLING TO PAY FOR COLD BREW VS. £1.70 FOR THE AVERAGE RETAIL RTD COFFEE

3 KEY TAKEAWAYS

9

1. PEOPLE WHO LIKE COLD BREW, REALLY LIKE COLD BREW.

They're younger, they drink it throughout the day, creating new purchase occasions, and crucially, they're willing to pay a significant premium to enjoy a superior quality product.

2. A MODEST MARKET SIZE...BUT FOR HOW LONG?

If the UK cold brew market was to follow a similar trajectory to America, it could be huge in 10 years' time.

3. WHO WILL SEIZE THE INITIATIVE?

Cold brew coffee could represent a fundamental shift in UK coffee culture. The question is, which brands and operators will make the first move?

READY TO GIVE CONSUMERS WHAT THEY WANT?

Finlays' new UK cold brew extraction facility will open in later this year offering European brand owners the chance to tap into the rising cold brew coffee trend. We do this by combining our global coffee expertise with pioneering cold brew extraction facilities to deliver a dynamic range of cold brew coffee consumers. This makes us uniquely placed to create reliable, bespoke and exceptional quality cold brew solutions that discerning consumers will love, every time.

Data Based on Finlays proprietary research, 2022. UK only, sample size: 250+

READY TO LEARN MORE ABOUT COLD BREW COFFEE?



VIDEO: SIAN EDWARDS
DISCUSSES THE RESEARCH



VIDEO: DISCOVER OUR
APPROACH TO COLD BREW



[FIND OUT MORE ON OUR
WEBSITE](#)

RTD COFFEE: A GREAT AMERICAN INVENTION

When it comes to great American inventions, RTD (ready to drink) coffee should be up there with the telephone and the microwave oven, argues Stacy DeMars... but what does the future hold?

Words: Stacy DeMars

Illustration: Chiara Zennaro



GREAT AMERICAN INVENTIONS: THE TELEPHONE, THE MICROWAVE OVEN... THE BOTTLED FRAPPUCCINO? ONE MAY NOT TYPICALLY HOLD A CREAMY BOTTLED COFFEE DRINK IN SUCH ESTEEMED COMPANY, BUT, IN JUST THE SAME WAY THE TELEPHONE TRANSFORMED COMMUNICATION, THE DRINK HAS CERTAINLY REVOLUTIONISED THE US RETAIL READY-TO-DRINK COFFEE MARKET.

Over the last decade, I have had the privilege of watching the US retail coffee market unfold and it has been quite a journey. Today, I invite you to sit back, relax and open a can of your favourite coffee as we reflect on where the market has been, where it is now and where it's going next.

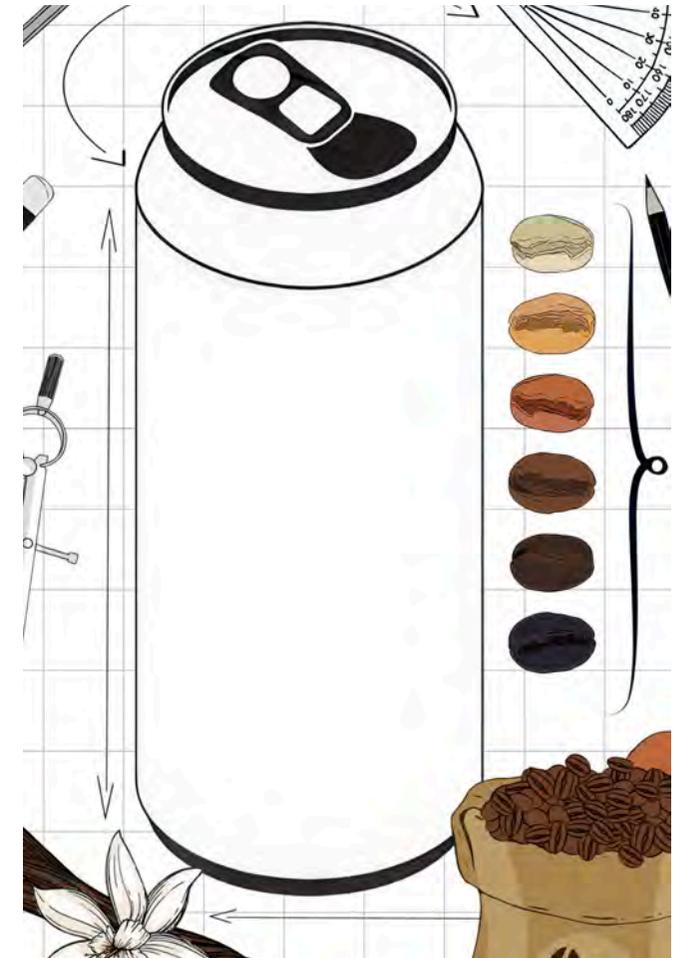
RTD coffee was first introduced in the US in the 1950s but didn't fully resonate with consumers until forty years later. In the mid-1990s, an icon was born: the Starbucks bottled Frappuccino. This sweet, creamy, indulgent coffee beverage set the tone for what would be the ready-to-drink coffee space for over two decades.

The early 2000s saw a surge in the popularity of RTD coffee, with consumers increasingly interested in convenient on-the-go coffee options to fit busy lifestyles. Companies such as PepsiCo, Coca-Cola, and Nestlé began to invest heavily, launching products and acquiring existing brands. This helped the market nearly double from \$450m in 2001 to \$850m by 2005*.

By 2013, the market was valued at \$1.5 bn** and was still exhibiting decent growth rates. But change was in the air. Consumers were becoming more health conscious and seeking alternative canned or bottled coffees that offered less sugar, less dairy and more coffee-forward flavour. Enter cold brew. What many predicted to be a passing fad quickly exploded into a multi-million-dollar segment of the category that transformed the RTD coffee landscape.

Cold brew has proven itself to be more than just a fad and has gained market share currently at over 20% of the total RTD coffee market. In just ten years it has gained nearly a quarter of an entire category. In fact, in recent years we have seen multiple variations: flavoured, nitro, dairy

alternatives and most recently the explosive growth in multi-serve (32 ounces or above) cold brew coffee.





What does the future hold?

As consumers become increasingly educated on coffee and interest in new products grows, we expect to see impressive year-on-year growth and – importantly – increased opportunities for brands. Here are three trends I think you should keep an eye on:

1. Multi-serve momentum carries on.

Multi-serve coffee has been on the market for a decade, but its popularity exploded during the pandemic. As consumers have begun to realise they can get great coffee at an affordable price to enjoy at home, expect this segment to see even more growth in the coming years.

2. Natural energy will continue to steal share.

With younger consumers becoming increasingly proactive over their health and wellness, they are turning to more ‘natural’ products for cleaner ways to consume food and beverage. This creates opportunity for more coffee-based ‘energy’ drinks to steal share from the traditional products in this

market.

3. Private label potential.

Private label coffee is sometimes equated to lesser quality. Yet consumers have started to see the potential across categories in private label and coffee is no exception. As shoppers become increasingly cost-conscious and aware of the premiumisation of private label coffee, they will start to seek out these products to fill a gap as a cost-effective solution.

Stacy DeMars is Marketing Manager for Finlays Americas – Brand

[REQUEST CALL FROM ON OUR OUR
RTD COFFEE EXPERTS](#)

*References: *Market size of canned and bottled ready-to-drink (RTD) coffee from 2001 to 2015. Statista.com. 2017, February),** (Nielsen)*

SOURCE CODE

Five benefits of Finlays' distinctive coffee sourcing model

Words: Thomas Blackwall

CAPPUCCINO, COLD BREW, LONG BLACK, FRAPPUCCINO... GLOBALLY WE CONSUMER OVER 400 BILLION CUPS OF COFFEE EACH YEAR. AND, OF COURSE, WE ALL LIKE TO DRINK OUR COFFEE IN DIFFERENT WAYS. BUT TO DO SO, WE ALL RELY ON THAT HUMBLE GREEN BEAN WHICH HAS TAKEN YEARS TO GROW AND HAS OFTEN BEEN SHIPPED MANY THOUSANDS OF MILES TO GET TO YOUR CUP.

In 2023, however, the ability to sustainably and consistently source coffee has never been more challenging. Supply chains are increasingly complex, coffee growing regions are struggling with the effects of climate change and socio-economic insecurity, while green coffee prices are increasingly unstable. This creates a high degree of risk in terms of price and logistics, as well as quality, food safety and ethics. And ultimately, a threat to the long-term prosperity of our industry.

The question is how best to manage this risk. At Finlays, our sourcing model is focused on building strong and collaborative partnerships in which both we and our suppliers are equally committed to each other's success.

A key element of our approach is our Supplier Relationship Management (SRM) programme. This is based on a four-step programme which sees us build and maintain close relationships with trusted suppliers, create continuous improvement and collaboration initiatives and invest into their future businesses to create mutual value, ensuring that we are their buyer of choice.



Rassams
CREAMERY

Enjoy our fresh bean coffee

THE AFFOGATO EFFECT

The rise of the dessert parlour in the UK book, and explains how an elevated coffee offering can fuel future growth.

Words: David Jameson

Images: Rassam's Creamery



IT'S A SUNNY AFTERNOON IN SHEFFIELD IN THE UK AS FOUR TEENAGERS STEP INTO RASSAM'S CREAMERY.

Gossiping about school and their latest TikTok discoveries, they sit down at a neon-lit, leather-upholstered booth to sip lattes before ordering milkshakes and waffles smothered in chocolate sauce and crushed Oreos. They take selfies with the oversized mascot (who stands pride of place next to the prayer room) before making use of the complimentary chargers.

Welcome to the UK's dessert parlour revolution which now sees 24% of Brits visit ice cream parlours more than once a month, increasing to 46% of Gen Z and 47% of Millennials*. These spaces are meticulously designed to evoke a sense of delight and indulgence, appealing to customers seeking a unique and visually-pleasing experience. From vibrant colour schemes to elaborate dessert displays, every detail is crafted to create a memorable, and – critically – Instagrammable atmosphere.

While pubs traditionally dominate social gathering spaces in the UK, dessert parlours have emerged as an inclusive alternative, catering to individuals and families who do not consume alcohol. Offering a comfortable environment for people of all ages and backgrounds, they are an effective alternative to alcohol-centric socialisation.



This inclusivity resonates with diverse communities, such as young families, teenagers and students. It extends Starbucks' famous 'third place' concept into an evening day part occasion. Covid-accelerated moves into home delivery and takeout have helped boost trading volumes too and, for a significant cohort of younger consumers, a Creams or Kaspas delivery (or visit) is now a weekly ritual. And this trend isn't just limited to the UK – globally 40% of consumers visit ice cream parlours more than once a month*.

With these innovative chains eyeing further growth via company-owned and franchised outlets, coffee could play a vital role in the next stage of development. Here are five ways that dessert parlours can drive growth through an elevated coffee offering:

1. Attracting customers during under-capitalised day parts such as breakfast and mid-morning.
2. Upselling coffee to finish a dessert occasion to increase average transaction spend.
3. Promoting Gen Z friendly beverage innovations, for example cold brew-based iced slush drinks.
4. Deploying loyalty cards and apps to drive repeat business.
5. Using coffee as an ingredient in desserts – think affogato, coffee biscoff cheesecake, and coffee-flavoured donuts.

As dessert parlours keep expanding, will they become the new coffee spot?

*Global Data PLC 2022

VIDEO: DISCOVER MORE ABOUT OUR OUT OF HOME COFFEE PROPOSITION IN THE UK



[REQUEST A FREE COFFEE ANALYSIS FOR YOUR UK BUSINESS](#)

A TASTE OF THE FUTURE

How Finlays is using AI to support customers
develop exciting beverage solutions.

Words: Siân Edwards

IN 2022, MINTEL GNPD RECORDED OVER 45,000 NEW BEVERAGE LAUNCHES, UP 64% COMPARED TO THE NUMBER OF LAUNCHES IN 2012.

The majority (60%) of these beverages were flavoured* and we also know that 65% of global consumers typically choose new, trendy or unusual flavours in beverages, motivated largely by curiosity**. In this increasingly competitive beverage landscape, these insights demonstrate the importance of developing great-tasting and innovative products to attract and retain customers.

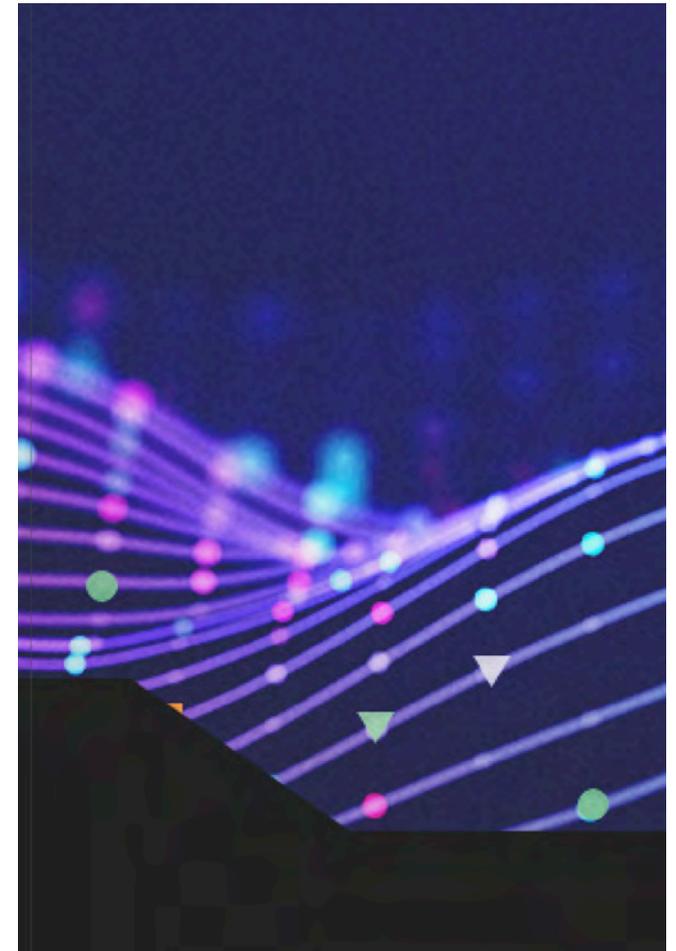
At Finlays, we're starting to use cutting edge AI technology to map flavour trends and help our customers stay ahead of the curve. Mintel's 'Flavourscape AI' brings the most up-to-date flavour analysis by combining data science with 10-plus years of rolling product launch data. It enables us to establish the predominant flavours in a market/beverage category, while also identifying novel and emerging flavours that create excitement and intrigue for consumers.

For example, in the North America RTD/iced tea category, peach is the second most common flavour on product launches, making it a firm consumer favourite, but we're seeing floral flavours, such as lavender and orange blossom, gaining popularity – so we might recommend developing a peach and orange blossom tea as an exciting new twist on a classic.

We can also understand common flavour pairings, and work with our customers to develop something differentiated and unique for their consumers.

**“
At Finlays, we're starting to use cutting edge AI technology to map flavour trends and help our customers stay ahead of the curve**

*Source: Mintel GNPD, 2023 / **GlobalData Plc, 2022



The image above represents the current flavour landscape for the North American RTD/iced tea landscape.



VIDEO: Sian Edwards discusses how Finlays is using AI to track flavour trends



SUPER TEAS

The rise of functional teas in the UK
and where the trend might be going
next

Words: Rebecca Coath

Image: Created by AI using Deep AI

DRIVEN BY THE GLOBAL HEALTH AND WELLBEING MEGA TREND, THE UK RETAIL INFUSIONS MARKET IS EXPERIENCING FAST GROWTH IN THE FUNCTIONAL 'SUPER TEAS' SEGMENT.

Tea already has a 'health halo' with 54% of UK consumers believing that green tea has a positive impact on their health*. Functional teas take this one step further and combine tea with botanicals and fortifications to offer a specific benefit and create products that deliver a compelling health proposition for consumers.

Super teas arrived in the UK in 2015 when Tetley brought out the first ever range of EFSA (European Food Safety

Authority) backed Super Green and Super Fruit teas. This paved the way for other brands and supermarket own brands to capitalise with new products being put on the supermarket shelf at a faster rate than any other tea sector.

And it's not just physical health – post covid, consumers are increasingly seeking products which promise psychological or emotional benefits too. Claims relating to sleep or stress management attract the most activity, with one in 10 new products using these claims according to Mintel**.

How can brands capitalise?

The key to capitalising on this trend is for retailers and

brand owners to understand the top claims and flavours that appeal to consumers. The traditional black tea market is still significant with over 85% share, but consumers are seeking variety when shopping this category and have a higher preference for healthy beverages than ever before. With a slightly higher price premium than other 'tea' products, not only do functional teas add choice to the fixture, they also help to drive value into the category.

What's next for functional tea?

But in my view, this is just the start of the super tea trend. As consumer tastes evolve and demand for functional food and beverage heightens, there is huge opportunity for

retailers to increase sales by looking beyond what is happening now and asking what will happen next. Tea – with its health halo – will be a mainstay, as will botanical infusions... but inspiration can be found in other categories and markets, where emerging ingredients such as Mushroom Tea, Protein Tea and adaptogens such as Ashwaganda are increasingly popular.

The key, as ever, is to join forces with an expert partner who can help you stay ahead of the curve and tap into the extremely exciting opportunities within the functional beverage space.



Rebecca Coath is Category Manager at Finlay Beverages

[CLICK TO DISCUSS FINLAY BEVERAGES' RANGE OF TEA SOLUTIONS FOR UK RETAIL](#)

*GlobalData Plc, 2022

TIKTOK TRENDS

The growing influence of TikTok and shares three ways the beverage industry can be tapping into this powerful platform

Words: Siân Edwards

Illustration: Sofia Burlak



TIKTOK'S RISE AS THE SOCIAL NETWORK OF CHOICE FOR YOUNGER CONSUMERS IS SEEMINGLY UNSTOPPABLE. WHAT WAS ONCE DISMISSED AS A JUVENILE PLATFORM FOR DANCE VIDEOS HAS BECOME A CULTURAL POWERHOUSE OFFERING CONTENT THAT IS HYPER-TARGETED TO THE INTERESTS OF THE INDIVIDUAL USER, WHETHER THAT'S FASHION, BEAUTY, FOOTBALL, POLITICS.... OR FOOD AND DRINK.

TikTok's popularity (it has 1.6bn users*) makes it a hugely influential tastemaker, particularly for Gen Z. And although older generations have been slow on the uptake, we're now just beginning to appreciate the invaluable insight that can be gleaned from understanding the content achieving millions of views on this highly dynamic platform.

So, what do beverage professionals need to know about TikTok? And, other than cleaning hacks and cooking videos, how should we be using it?

The huge user group is global, highly active, and fast-growing

To really understand it's impact, I spoke to Nina Landale, Strategy Partner at brand growth specialists – and official TikTok Marketing Partner at Uncovered. *"TikTok is changing the social landscape, both in terms of the way that users consume and engage with content and, perhaps more importantly, in terms of attention. The average time spent on TikTok is now 85% higher than other social platforms, showing the power of this platform to capture and hold viewers".*

TikTok is the world's most downloaded app for those aged

18-24, and 62% of its users in the US are aged between 10-29. This provides a staggering volume and range of content developed by innovative young creators, across 155 countries worldwide. But as Landale notes, *"It's no longer just a young person's app. In 2022, the fastest growing audience on the platform was 30-35 year olds and the average age of a TikTok user became 28."* This makes it highly attractive for beverage brand owners in terms of potential buying power of its massive user base.

In addition to being addictive and increasingly mainstream, TikTok is instant, accessible, and the video format alleviates the language-barrier associated with text-based platforms. Trends are therefore incredibly fast-moving and globalised, as consumers gain access to new concepts and want to trial products from different markets.

VIDEO: TIKTOK TRENDS IN ACTION



Credit: Kaelimae

It's the new search engine of choice

A 2022 Google study found that almost 40% of young people turn to TikTok (or Instagram) instead of Google when searching online**. Instead of having to review multiple text options, and battle through the increasing number of sponsored suggestions, Gen Z'ers are able to crowdsource information directly from other users. Videos are often less than 60 seconds long, providing a quick snapshot, and users can instantly validate the content by viewing other user comments for reviews and feedback.

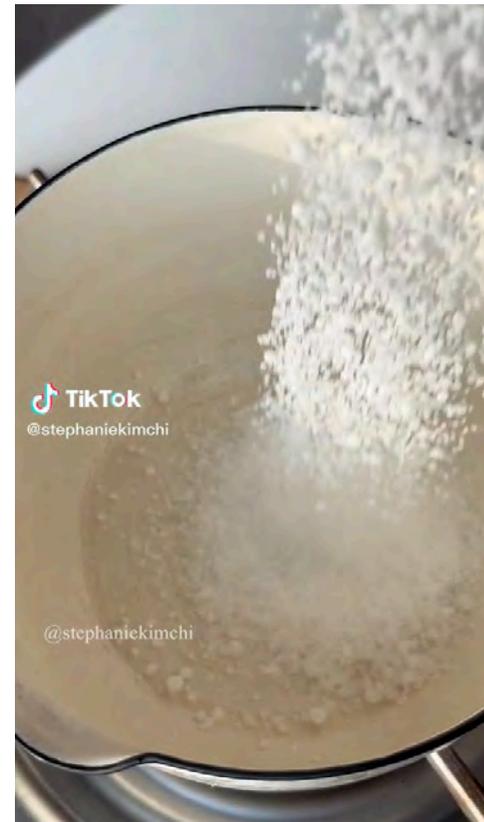
It's already driving major shifts in the beverage industry

In being a video-based platform, TikTok combines being both highly visual with being interactive, as

content creators share their product experience and often preparation methods. This is giving rise to several key trends in the beverage space, namely growth in DIY beverages, and the importance of theatre/ visuals in beverage products.

With millions of creators sharing aspirational daily routine videos, how-to instructionals and recipes, we're seeing beverages being prepared by consumers in highly innovative ways, previously only attempted by professionals in foodservice channels. Think frothy matcha + vanilla oat lattes and homemade bubble tea. These videos reference health trends, flavour innovation and moments of indulgence for consumers seeking to elevate their everyday consumption experiences.

VIDEO: TIKTOK TRENDS IN ACTION



Credit: Stephanie Kimchi



Interactive poll not supported

[View online version](#)

Three ways the beverage industry should be using TikTok

Landale provided insight into how Uncovered's client base are capitalising on the platform's fast growth, "We are seeing brands across the food and drink space rapidly adopt TikTok into their channel strategies". They're working with multinational beverage brands to create platform native content that shows their products in genuine, authentic usage occasions. She adds: "the algorithms on the platform mean anyone can go viral with the right content, and brands that are embracing this are seeing significant results across key metrics."

Here are our top tips for #trendspotting on TikTok:

1. A source for NPD inspiration.

From an innovation perspective, TikTok offers huge potential to discover the next user-driven NPD. Searching for specific ingredients, beverage formats or brands can help companies understand how users are interacting with their products, and where trends are gaining momentum.

2. Forecasting beverage trends.

While Google analytics remains important, when it comes to understanding the young and future consumer groups, TikTok is emerging as the primary source. Identifying the trending videos, hashtags and influencers in #drinkt0k will help brands, and

suppliers, stay ahead of the curve.

3. Understanding wider consumer trends.

TikTok is a place where attitudes are forged. Creators, often with a huge and dedicated following, can shape the worldview of their followers, and bring significant issues to the fore. For example, views of environmental content on TikTok have increased six-fold over the past year, and the top 40 climate-related hashtags have received 85 billion (yes, billion) views in the last year alone**. TikTok can be a place to understand the direction society and culture is headed in.

So whatever your preconceptions about TikTok, I recommend diving into the world of #drinkt0k to understand what young consumers are really talking about. My only word of caution: set yourself a time limit – it's highly addictive!



Siân Edwards is Finlays Global Insights Manager

References:* Internet Live Stats, 2022 /
**TikTok, 2022

TREND WATCH MIDDLE EAST, AFRICA AND CIS

Five Beverage rising trends in the region

Words: Caroline Migiro



WHILE THE MIDDLE EAST, AFRICA & CIS REGION HAS TENDED TO BE SLOWER MOVING THAN MARKETS IN ASIA OR NORTH AMERICA, THINGS ARE NOW STARTING TO HEAT UP, WITH A FEW EXCITING TRENDS AND DYNAMICS THAT BRAND OWNERS COULD – AND SHOULD – BE LOOKING TO TAP INTO.

1. Health & wellness

Insight: Launches of functional teas and infusions have increased +120% between 2019-2022 [Mintel GNPD, 2023]

Teas and herbal infusions are increasingly popular in the region as consumers consider health and fitness an essential part of their lives and are continuously seeking products with functionality. Teas that promise to increase immunity, relieve stress, and aid digestion are becoming more popular with our customers.

2. Selective spending

Insight: 85% of consumers in the Middle East & Africa are concerned about the impact of inflation on their household budget (58% are 'extremely

concerned). [GlobalData Plc, 2022]

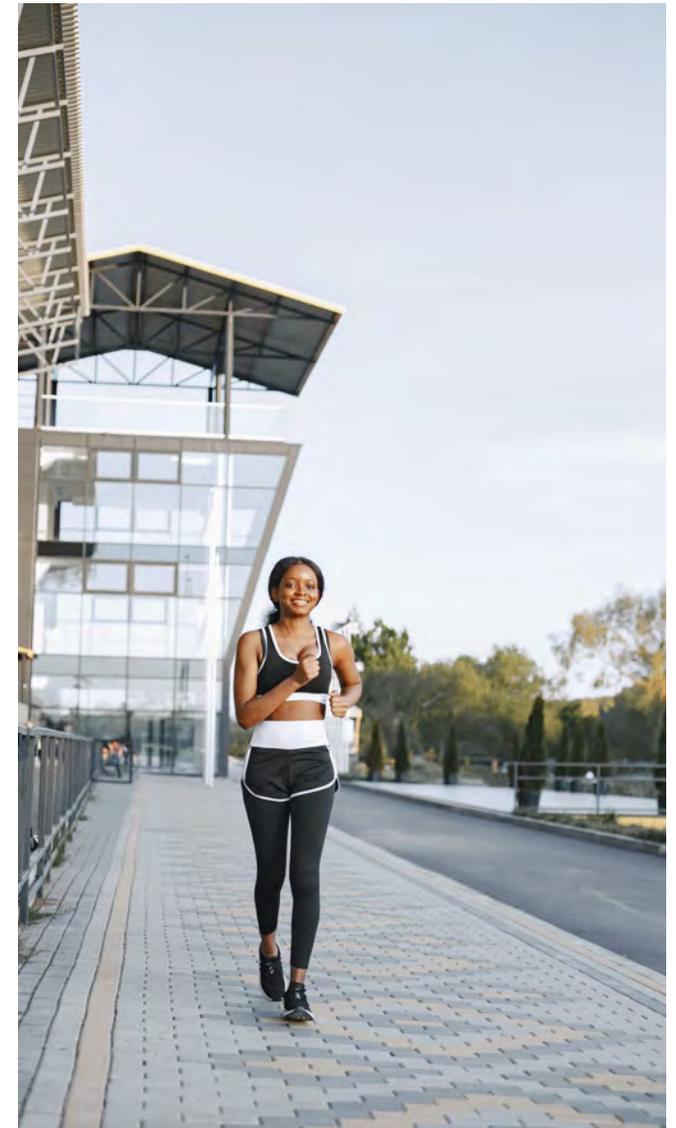
With the unrelenting global cost of living crisis and forex challenges in many markets in the region, consumers are more aware of their spending habits and are looking for better value for their money in all areas of their lives. To appeal to these price-sensitive customers, our customers are expanding their retail brand line-up to offer a wider selection of teas. This enables consumers to find a balance between product quality and affordability, especially where budget constraints are a concern.



To appeal to these price-sensitive customers, our customers are expanding their retail brand line-up to offer a wider selection of teas

Caroline Migiro

in f



3. Tea tourism

Insight: Google searches for 'tea tourism' and related terms increased +75% in between 2018-2022 [Google Trends, 2023]

The tea tourism trend started five years ago and continues to gain popularity among tea enthusiasts. Tea gardens in Turkey, Iran, Russia, India, and Kenya, are opening their doors to tourists offering the opportunity for them to witness the tea-making process from bush to cup.

4. Growth of coffee and coffee-based drinks

Insight: the Dubai-based DMCC Coffee Centre recorded a 50% increase in the volume of green coffee traded over the past 18 months. [DMCC]

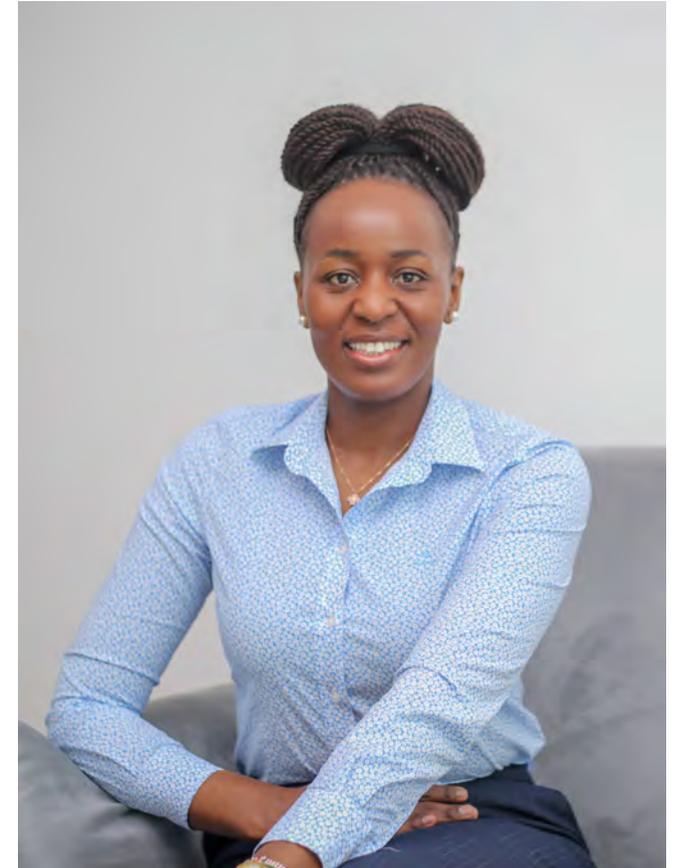
Despite the prevalence of tea in the region, coffee and coffee-based beverages have been gaining traction indicating a changing customer preference and a potential increase in the market share of coffee in the region.

5. Increased consumer awareness

Insight: 74% of consumers in the Middle East & Africa pay a very high/high amount of attention to the ingredients in the food and beverage products they purchase [GlobalData Plc, 2022]

Consumers in the region are becoming increasingly conscious about the products they are consuming, and companies are responding by providing more detailed information about their products.

[READY TO TAP INTO THESE TRENDS?](#)
[CLICK TO GET IN TOUCH](#)



Caroline Migiro is Business Development Manager at Finlays MEAC

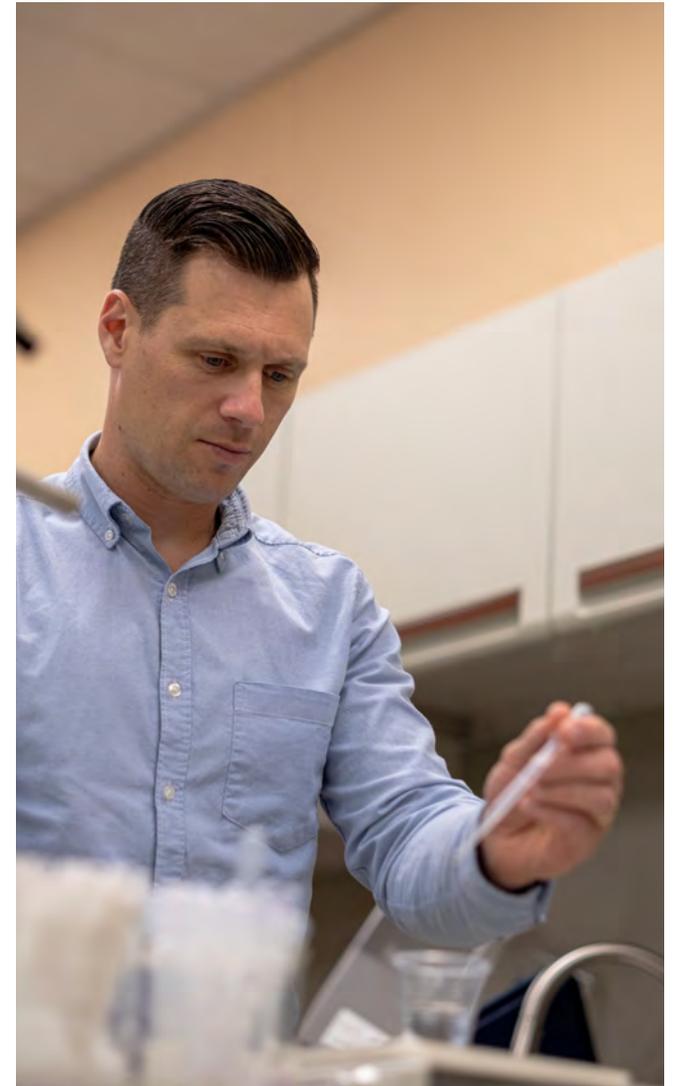
SENSORY EVALUATION IS 'A SCIENTIFIC METHOD USED TO EVOKE, MEASURE, ANALYZE, AND INTERPRET THOSE RESPONSES TO PRODUCTS AS PERCEIVED THROUGH THE SENSES OF SIGHT, SMELL, TOUCH, TASTE AND HEARING' (STONE AND SIDEL 2004).

It is a multidisciplinary field that includes food science, statistics, psychology/psychophysics, consumer science, and more. At Finlays we focus this array of disciplines on delighting our customers by providing beverage solutions rooted in technical truths.

Consumers are increasingly aware of specific flavour notes in their coffees and teas thanks in part to the social media-fueled trend called 'connoisseurship'. Coffee, for example, was once described with generic terms like 'bold' and is now instead granted specific flavour notes like 'prune', 'nutty', and 'caramel'. The role of sensory science is increasingly important to deliver specific flavour descriptions of our beverages to gratify our connoisseur customers.

At Finlays, we use a technique called descriptive analysis to generate detailed descriptions of each product. The descriptions include the intensities of key flavours. Finlays has panels of trained tasters in the US, UK, Chile, and Kenya capable of assessing coffee, tea, and tea aroma. These trained panels work like a well-calibrated machine detecting and measuring the intensity of more than two dozen key flavours in coffee and tea.

We also conduct discrimination tests which rely on large numbers of untrained tasters. Using statistics, their responses are converted to a measure of sensory difference (called d') which is independent of the test method used. With d' we can quantify the size of a difference between two samples - even when the nature of the difference is unspecified or unknown.



Our customers can benefit from both approaches. Descriptive analysis helps us to rapidly achieve flavour targets and to provide specific feedback to partners and customers. It also enables us to demonstrate the value added, for example adding tea aroma to tea extract increases the perception of desirable flavour attributes, making the resulting beverage more complex and authentic. Discrimination testing is used to validate flavour matches providing a quantifiable verification of proposed matches or differences.

Looking to the future of sensory, I expect we will see increased personalisation. Individual variability in responses to flavour stimulus exists in both the physical (e.g. number of taste buds) and cognitive (e.g. different expectations) aspects of perception. As sensory science borrows insights from the cutting edge of genetics and neuroscience, we will have better tools to segment consumers and a deeper understanding of flavour perception. This improved understanding of individual differences will bring more personalised choices and tailored solutions.



*Aaron Oakes is Principal Scientist-Sensory at
Finlays Americas*



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EVERYDAY AMAZING

Meet the winners of the 2022 Finlays
United Global Recognition Awards.

Words: Rachael Steed





LIVING OUR TRUSTED VALUE

Cathy Bell – Product Availability Manager, Finlays Beverages

The Living Our Trusted Value award recognises individuals who demonstrate accountability both in what they do and how they do it. Throughout the implementation of Anaplan, our new Demand Planning system, Cathy exemplified our trusted value. She worked tirelessly with her colleagues and the system developers to ensure the effectiveness of the system.

2nd Place: Janaka Weeraratna – Staff Officer, Finlays Colombo

3rd Place: Thom Walton – Group Head of Marketing and Communications, James Finlay Limited





LIVING OUR SUSTAINABLE VALUE

Huang Nanhu – Production Manager, Damin

Huang's leadership throughout the implementation of the Damin Water Conservation project is a fantastic example of our sustainable value. This project has not only delivered environmental benefits by saving approximated 10,000 tonnes of water each year, but it has also reduced production costs. Thanks to this project, Damin has been officially recognised as a water-saving enterprise by the local Zhangzhou government.

2nd Place: Lallini Croos –Sustainability Manager & Sapumal De Alwis – Factory Engineer, Finlays Colombo

3rd Place: Hilary Hursh – Director, Finlays Americas Applications, Finlays Americas





LIVING OUR INNOVATIVE VALUE

The Computerised Maintenance Management System (CMMS) Team (Jordan Cutts – Engineering Team Manager, Sarah Padgett – Engineering Planner, Paul Dilks – IT Applications Specialist, & Keith Peacock – Facilities Coordinator) Finlay Beverages

The Living our Innovative Value Award recognises individuals who come up with innovative solutions to improve business and operational performance. The CMMS team are a perfect example of this value, having innovated and implemented an internal CMMS that helps to record details of all maintenance work carried out on site. The system was designed and implemented entirely by the team.

2nd Place: Aaron Oakes - Principal Scientist Sensory, Finlays Americas

3rd Place: The Farm App Team (Andrea Berg – Chief of Sustainability, Federico Benay – Chief of Agriculture, Jorge Savoini – System Manager, Gustavo De Benito – IT Manager, Florencia Sosa – Finance Director, Enzo Da Rosa – Chief of Plant Operations, Sergio Duarte – Chief of Plant Operations, Luis Sommer), Casa Fuentes





THE SAFETY CHAMPION AWARD

Meknath Vidi – Site Engineering Manager, Finlay Beverages

The Safety Champion Award recognises individuals who are not employed within a Health and Safety role but demonstrate exemplary safety leadership. Meknath did just that by introducing a bespoke Permit to Work system, which identifies specific hazards that need to be managed. To ensure the effectiveness of the new system, Meknath worked collaboratively with cross-functional stakeholders and even delivered training to his colleagues.

2nd Place: The Forklift Team (Mackdonald Njuguna, John Oyoo, Joseph Afundi, Mercy Gichore, Muthoka Nzinga, Juma Junju, Noel Katembo, Shaphan Mnyaka, Eric Dando, Sunil Githinji, Isaiah Goro) Finlays Mombasa

3rd Place: Juan Macarrein – Chief of Plant Operations, Casa Fuentes





THE DELIVERING TOGETHER AWARD

The Production Department (D. S. Kapilarathna, J. M. Bernart, P Manoharan, J. M. W. Dissanayake, L. P. Susantha, R. A. Sandya, K. P. S. Kumara, Dinesh Rodrigo, Thilna Prasad, Rohitha Bandara, Ruwan Kumara, U. D. S. Shantha, H. A. M. Dhammika, A. P. A. Nandasiri, W. Senarathne, M. K. R. Nalinda, F. K. S. P. Silva, I. Harischandara, S. Chandrakumar and Shiromika Lakshmi), Finlays Colombo

The Delivering Together Award recognises a group of individuals, or a team, who work together to deliver outstanding performance and results. The Finlays Colombo Production Department are an outstanding example of delivering together. Despite the economic crisis faced by Sri Lanka in 2022, the production department worked collaboratively to achieve uninterrupted production, on-time delivery and customer satisfaction. This team truly went above and beyond to support each other and the business during a very challenging time for their country.

2nd Place – The Aldi Product Development Team (Rebecca West – Business Manager, Rebecca Coath – Category Manager, Sarah Martin, Thom Berriman – Production Planner, Holly Siberry – Production Planner, Daniel Brockman – Warehouse Operative, Suzannah Gore – Sustainability Manager, Dixie Fallows – Technical Manager, Oliver Gregory – Commercial Executive, Paul Jefferies – Head of Tea, Dan Moore – Senior Blender, and Frances Musgrave – Tea Blender/Buyer), Finlay Beverages

3rd Place – The Group Quality and SRA Team (Katie Carter – Global Quality Systems Manager, Jenny Dresse – Quality Development Manager, Roberto Sabater – QA Manager – Supply Chain, Sei-Wai Tse – Group SRA Manager), James Finlay Limited





THE OUTSTANDING PERFORMANCE AWARD

The Saosa Team , Saosa

The Outstanding Performance Award recognises individuals or teams who have delivered an outstanding performance and results. The Saosa team worked collectively to deliver an exceptional performance in 2022. This included over-delivering on tea extract and EBIT budgets as well as delivering a strong OEE.

2nd Place: The Commercial Team (Rebecca West – Business Manager, Sally McCarthy – Business Manager, Claire Hardy – Business Manager, Stuart Kinghorn – Business Manager, Chris Talkes – Business Development Manager, Paul Houlker – Business Manager and Oliver Gregory – Commercial Executive)

3rd Place: The Damin Sales Team (Wang Zhihong, Yang Yuanwang, and Zhu Yimin), Damin

THE PRESENCE OF SAFETY

Finlays' evolving approach to Health and Safety.

Words: Michael Keating



SINCE LAUNCHING OUR ZERO HARM STRATEGY IN 2017, WE HAVE ACHIEVED SIGNIFICANT SUCCESS IN REDUCING ACCIDENTS AND INCIDENTS IN PRIMARY FACTORY AND FIELD OPERATIONS.

This has been achieved by a combination of engineering and systems controls, capability building and the development of a bespoke safety culture:

ALWAYS SAFE

Everybody, everywhere, every day, in everything we do. At work and at home.

Building on this culture means we can never stand still. After several years of progress, our safety performance had started to plateau. We had to take action!

We identified the need for greater

focus on the 'presence of safety', and we have launched a refreshed strategy based on six key principles:

1. **Being more POSITIVE.** We focus on the presence of safety through our 'Safe Days' approach, with safety communications, walkabouts, improvements and recognition every day. This requires engaging everybody, everywhere, in improving our safety.
2. **Being more PROACTIVE.** We encourage everyone to stop and think before acting. Is it safe? Can we make it safer? ACT – Action Changes Things.
3. **Demonstrating VISIBLE SAFETY LEADERSHIP.** Not everyone can be a safety manager, but everyone can be a safety leader. Leading by example, engaging at all levels, never walking past an

unsafe act or condition without taking action.

4. **LEARNING more.** If adverse incidents occur, we investigate, identify root cause(s), and act to prevent recurrence. We encourage everyone to ask questions, to challenge, and to continually learn and develop.
5. **More SHARING.** We share learnings from what's gone well and what hasn't. We support leadership and learning by engaging everyone, everywhere, in everything we do, and we talk to each other about safety every day.
6. **Better ALIGNMENT.** We are aligning H&S more closely with other relevant functions (e.g. quality and manufacturing) to help drive a 1Finlays approach: everything we do, we do it safely.

We get it right first time and we do it efficiently, consistently.

This is a fundamental change in our approach to health and safety across Finlays and a progressive shift to delivering a safe working environment that everyone can be proud of. The strategy will deliver tangible benefits to more than just health and safety – it will contribute towards a culture of excellence.

We are always willing to share our health and safety experience and collect tips from our peers. Please do reach out on the email below if you'd like to start a conversation!

[GET IN TOUCH](#)

Michael Keating is Global Head of Health and Safety

WE NEED A BIGGER TABLE... AND MORE CHAIRS

The importance of allyship in fostering a culture of diversity and inclusion.

Words: Tamie Hutchins

Photography: Giulio Mazzarini

DIVERSITY AND INCLUSION CONTINUES TO RISE UP THE CORPORATE AGENDA, WITH AN INCREASINGLY LOUD AND EXPECTANT VOICE, AND IS NOW MORE THAN EVER FRONT OF MIND FOR EMPLOYEES AND CONSUMERS.

And to that I would say... too right and about damn time! As a woman of 50, it won't be a surprise that I have experienced times where the workplace was not inclusive or appreciative of difference and getting 'over it' on your own was seen as an achievement, a battle scar. It wasn't. Looking back, I see this – and the similar experiences had by other woman, people from different ethnic backgrounds or the LGBTQ+ community – as a missed opportunity for us and the companies we worked for.

So, I'm pleased to say that Diversity

and Inclusion will be a central focus of our new sustainability strategy, *Sustainable Future 2030*, which launched in 2023. And there is one concept within the area of D&I that will be vital – the concept of 'allyship'.

For me, allyship means recognising my privilege and influence and actively using this to benefit and enable those from minority groups to have access to all the opportunities open to me and people like me. To educate and challenge my peers to take the actions needed to build an inclusive culture that will ensure all of our people can contribute to our success and thrive as individuals.

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Diversity and Inclusion will be a central focus of our new sustainability strategy, *Sustainable Future 2030*

This idea might not be new, but it is central to our plans as we drive forward in becoming a solutions-focussed business. Because the more we involve ideas and experience from across our wonderfully diverse workforce, the more we benefit.

But to get there, we need a mindset shift. I'm proudly Gen X (as my Spotify playlist attests) and my D&I education was strongly 'compliance first, benefit to the business second'. My more recent learning - thanks to some inspiring colleagues and my children - has shown me that younger generations have moved D&I along... a lot. Their focus is less on compliance and more on the benefits that come from diversity. These benefits coming from a combination of experience and outlook that delivers solutions to business challenges, new ideas and outcomes. And ultimately, a better place to work.



Interactive poll not supported

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So what's next?

First, there is still work to do on the basics. We need clear metrics and, from this, we can identify areas of improvement and ensure compliance. Second, we need to get better at listening to and learning from the ideas and expectations of all of our people and, in particular, making sure we hear those voices who – up till now - may not have had a place at the table. We need to get a bigger table and some more chairs.

And finally, I'd like to encourage people to join me in taking the following simple actions to instil allyship throughout Finlays (and beyond):

1. Lend the privileges your position gives you to others, including giving access to people and opportunities.

2. Take every opportunity to learn from those who are different from you about who they are and the challenges they face.
3. Coach and mentor others – privilege often comes after years of hard work, use the experience you've gained to coach others.
4. Keep an eye out for exclusion, recognise it, and take action to correct exclusion or discrimination.

***Tamie Hutchins is Finlays'
Global HR Director***



VIDEO: Tamie Hutchins discusses the importance of allyship



THE POWER OF DIGITAL SUPPLIER MANAGEMENT

Finlays' use of digital supplier management system TraceGains to drive compliance, risk management and efficiency through the supply chain.

Words: Roberto Sabater

EFFECTIVE SUPPLIER MANAGEMENT HAS NEVER BEEN MORE IMPORTANT TO FINLAYS AND OUR CUSTOMERS. IT'S CRITICAL TO ENSURING THAT WE MAINTAIN HIGH LEVELS OF QUALITY, SAFETY AND COMPLIANCE IN SUPPLY CHAINS, WHILE MANAGING RISK AND CONTINGENCY.

So we're pleased to announce that, as part of our digital transformation, we have implemented TraceGains, a comprehensive supplier management programme, which helps us maintain regulatory and sustainability compliance and ensure the safety and quality of our products.

TraceGains is a cloud-based software platform that offers a network to exchange data, providing a centralised hub for suppliers to manage their documents, certifications and product information. Through the TraceGains network, suppliers can easily share documentation with their customers and receive feedback on their products.



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**EFFECTIVE SUPPLIER
MANAGEMENT HAS NEVER BEEN
MORE IMPORTANT TO FINLAYS
AND OUR CUSTOMERS**

Roberto Sabater

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Here are some of the significant key benefits to us, our suppliers, and our customers:

- 1. Streamlined compliance with food safety regulations.** With the FSMA and GFSI mandates, there is an increasing emphasis on traceability and accountability throughout the food supply chain.
- 2. Improved supplier performance.** By implementing digital supplier management systems, Finlays has better visibility into supplier performance, including quality metrics, as well as compliance with regulatory, ethical and sustainability standards. This information helps us identify areas for improvement and work with suppliers to enhance their performance.
- 3. Increased efficiency.** By automating many of the manual processes involved in supplier management, we can reduce time and resources, driving efficiency.
- 4. Enhanced collaboration.** Digital supplier management systems facilitate better

collaboration between Finlays and its suppliers. Real-time communication and data sharing improves transparency and reduces the likelihood of miscommunication.

- 5. Better risk management.** With a digital supplier management system, we can track and manage supplier risk, such as compliance with regulations, ethical standards and supply chain disruptions. This helps avoid problems and protects customer integrity.
- 6. Improved data analysis and decision-making.** By leveraging data analytics, we gain valuable insights into supplier performance and identify improvement opportunities. This helps make data-driven decisions and optimise supplier relationships.

So far, TraceGains has been an invaluable addition to our supplier management programme. Its ability to ensure compliance with industry regulations, improve efficiency and provide real-time insights into supplier performance will help us maintain the quality and safety of our products, enhancing our overall supply chain

management. As we continue our digital transformation efforts, we look forward to leveraging the full range of capabilities that TraceGains offers to drive further improvements in supplier management process, ultimately benefiting our customers.



Roberto Sabater is Finlays Group Quality Assurance Manager

THIS MUCH I KNOW... WITH NATHAN SILVA

Words of wisdom from Nathan Silva, Sales Executive on the Retail team at Finlays in the US

Words and photography: Thom Walton

When you're the youngest, you have to work harder to prove yourself.

I've always been the youngest – one of the youngest in my class at school, when I went to university a year early, and when I was starting out in my career. Being the youngest means you have to work extra hard to prove yourself. Ask good questions, earn people's trust and show your worth.

You never know where your career will take you.

I went to vocational high school at age 13, assuming I would follow my father into working in the electrical field. When I was there, I did a minor course in culinary arts and it turned out I not only had a talent for it, but a passion as well. After working in commercial kitchens while studying, I ended up in a food science role and have never looked back.

It's important to work somewhere with a culture of trust.

When I first joined Finlays as a Tea Applications Scientist, I had experience with coffee, but not much in tea. Finlays' intensive training programme quickly helped build my confidence. After that, I kept asking questions and was given a huge amount of trust by management. This is something I've seen across Finlays – there are people who've come from technical or operations roles and become the shining stars of completely different departments.

Technical experience is profoundly useful in a sales role.

When a role in the Finlays commercial team opened up, I jumped at the chance. My technical background is a huge asset when I'm supporting our customers – and not just because I can answer their more technical questions on the spot! Having a strong knowledge of our product portfolio and private label capabilities allows me to put together bespoke solutions to our customers' problems. Being a member of our sensory team, I'm also able to lead customers through tasting sessions to ensure that their critical feedback is fully understood.



I love that my role is about solving problems and helping people.

I'm happiest when I'm finding new ways to solve the problem. I like to take an innovative approach - be it in the lab or for a customer project.

Coffee is so much more than a caffeine source.

Before working in the industry, I mostly viewed coffee as a source of caffeine. I couldn't have been more wrong! Coffee is an incredible product offering seemingly limitless possibilities for innovation.

Tea is a sleeping giant in the US.

One of the interesting elements of my role is speaking to my international colleagues and hearing about how tea and coffee are viewed differently around the world. In the US, coffee reigns supreme but we always say that tea is a sleeping giant. We know it's on the cusp of blowing up and it could take just one company to make that happen.

I hope I always stay curious.

Being at the relative start of my career, it's incredibly valuable to be surrounded by people who are experts in their field. Being curious and asking questions is a really important way to learn, not just in my role, but outside of it as well. Finlays gives me that opportunity.

It's all about innovation.

We might think that every possible tea and coffee product already exists, but innovation is critical to the future of our industry. There's always a new twist, and it's exciting to be part of that process, and to bring new experiences to consumers.

Work and family is a balancing act.

My son was born in April and I'm still working to find the perfect balance. But Finlays has been nothing but supportive as I've adjusted to my new reality.



Nate Silva is a Sales Executive on the US Retail team at Finlays

We hope you enjoyed reading this edition of 1750

Please send any comments and feedback to the Editor thom.walton@Finlays.net



LAND OF OPPORTUNITY

Why the US beverages market is such a dream for... POWERED BY **Turtl**