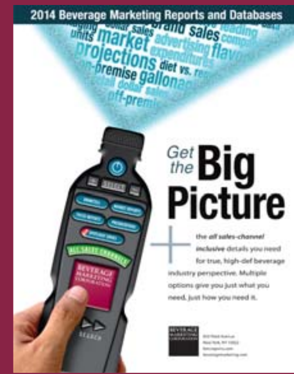
Do-It-Yourself Beverages

2014 Edition (Published February 2014. Data through 2013. Market projections through 2018.) 40 pages, with extensive text analysis, graphs, charts and tables.



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The Do-It-Yourself Beverages report considers a variety of customizable beverage options such as flavor-enhancing drops, single-cup coffee brewers and home soda makers.

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HAVE QUESTIONS? Contact Charlene Harvey: 212-688-7640 x 1962 charvey@beveragemarketing.com

BEVERAGE MARKETING CORPORATION

Beverage Marketing Corporation
850 Third Avenue, 13th Floor, New York, NY 10022
Tel: 212-688-7640 Fax: 212-826-1255

The answers you need

This report measures volume and wholesale dollar sales, covers top brands and discusses key issues in the dynamic and rapidly changing liquid water enhancer, single-serve coffee and home cold beverage machine markets. BMC's exclusive five year projections are furnished. Questions answered include:

- What are the key segments of the do-it-yourself, or customizable, beverage market?
- Who are the key players in the competitive home beverage dispenser market? How have innovation and alliances contributed to the changing landscape?
- What are the leading coffee pod brands in the United States, and how have they been performing?
- What is the strategy to be employed by SodaStream's challengers in the home beverage dispenser market?
- What are the factors driving the liquid water enhancer market and can they be sustained?
- How is the DIY beverage market likely to develop in the future?

This report features

Do-It-Yourself Beverages examines several segments of the do-it-yourself beverage market in the U.S. The report begins with an overview of the trends driving the do-it-yourself (DIY) beverage market. It then analyzes various segments of this market in terms of the companies behind them and the innovations and novelties they have achieved. After outlining this context, the report describes the issues likely to determine what's next in the U.S. DIY beverage marketplace and projects its probable size five years into the future. In this report, users get a thorough understanding of all facets of the DIY market including:

- Wholesale dollars sales of the home beverage dispenser market going back to 2008, as well as a comprehensive look at SodaStream's business model and marketing strategy
- Discussion of why the largest carbonated soft drink markets are entering the home beverage dispenser market despite (or perhaps because of) its relatively small size
- Volume and wholesale dollars sales of the single-serve coffee pod market from 2006 through 2013 and an overview of Keurig and other single-serve coffee machine marketers including Nestle, Bosch/Tassimo, Jarden, Cuisinart, and others
- Discussion of pod, K-cup and coffee capsule brand activities including moves by Tim Horton's, Folgers, Green Mountain, Nescafe, Starbucks and others
- Coffee pod category and brand volume statistics including historical and current data for Green Mountain, Starbucks, Maxwell House, Folgers, Senseo and the private label coffee pod market
- Perspective on the rapid pace of alliances, mergers and joint ventures reshaping the hot and cold beverage marketplace and allowing traditional beverage marketers to jump into the DIY market with Coke's joint venture with Green Mountain's Keurig Cold system as a key case in point
- A look at the impact the DIY trend has had on the foodservice market and its players as well as its emergence in discount and club store channels including Wal-Mart and Costco
- Analysis of the drivers behind Kraft Foods' successful MiO liquid water enhancer and the implication for competitors including MinuteMaid Drops, AriZona (Arnold Palmer, Mucho Mango, etc.), Vitaminwater Zero Drops, Dasani Drops, Aquafina Flavor Splash and others
- Discussion of the challenges facing the DIY market in the next five years, with Beverage Marketing's wholesale dollar category projections for 2018, and why all segments will <u>not</u> enjoy the same success

Focus Report

Do-It-Yourself Beverages

February 2014

BEVERAGE MARKETING CORPORATION

RESEARCH ● DATA ● CONSULTING

NOTE: The information contained in this report is confidential and solely intended for the benefit of the immediate recipient hereof.

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The latest trend in the coffee industry is single-cup coffee and single-cup coffee makers, which some see as making coffee more readily available and convenient and others see as a step away from the grinding and brewing of fresh coffee so closely connected with specialty coffee's cachet.

- In contrast to traditional drip coffee makers, in which consumers fill filters with ground coffee to produce several cups of brew, the single-serve coffee makers use low pressure that forces water through self-contained (proprietary) packages of coffee (whether pods or pouches) to create one cup at a time.

- The single-serve coffee makers purportedly create a better tasting cup of coffee than traditional drip makers, without the messy filters or requiring everyone in the household to drink the same type of brew. While manufacturers try to keep the prices down on the machines, they recoup their investment with the sale of pods/pouches that cost much more to the consumer per cup than traditional drip coffee. Marketers bank on the fact that some consumers have grown accustomed to paying more for higher-quality coffee at on-premise outlets.

- Indeed, although they started from a relatively low base, sales of single-serve pods/pouches have enjoyed substantial growth rates well in excess of the relatively stagnant overall coffee market. According to aforementioned NCA's 2013 National Coffee Drinking Trends study, ownership of single-cup brewers increased to [illegible]% from [illegible]% in the previous year (and from [illegible]% in 2011). As a point of comparison, in October 2013, Green Mountain Coffee Roasters (GMCR) stated that is Keurig Hot system is approximately in [illegible]% of U.S. households.

- Single-serve coffee makers are not new. Needless to say, they received a great response from the office coffee service industry in the 1990s – which had long suffered from half-filled pots of coffee gone stale – but had heretofore not penetrated homes to any great degree.

- Capitalizing its connection with the gourmet coffee industry, brew-by-pack appliances have entered the home-kitchen. Coffee companies and appliance makers have come up with sleeker version of single-serve appliances in a bid to bring the coffee house savvy consumers back home. Kraft, Nestlé, P&G, GMCR and others are mining the potential in this market.

- All of the major players in the coffee industry have wagered that this cup-at-a-time trend of at-home coffee consumption will flourish in the U.S. and hope to capture the higher margins that these systems offer. (It should be noted that marketers have introduced non-coffee products such as hot chocolate and tea as well.)

Exhibit 8

THE COFFEE POD MARKET
CHANGE IN ESTIMATED VOLUME BY BRAND
2010 – 2013(p)

Brand	2009/10	2010/11	2011/12	2012/13(p)
Green Mountain	[redacted]%	[redacted]%	[redacted]%	[redacted]%
Starbucks	—	—	[redacted]%	[redacted]%
Maxwell House	[redacted]%	[redacted]%	[redacted]%	[redacted]%
Folgers	[redacted]%	[redacted]%	[redacted]%	[redacted]%
Senseo	[redacted]%	[redacted]%	[redacted]%	[redacted]%
Subtotal	**[redacted]%**	**[redacted]%**	**[redacted]%**	**[redacted]%**
Private Label	[redacted]%	[redacted]%	[redacted]%	[redacted]%
All Other	[redacted]%	[redacted]%	[redacted]%	[redacted]%
TOTAL	**[redacted]%**	**[redacted]%**	**[redacted]%**	**[redacted]%**

(p) Preliminary

Source: Beverage Marketing Corporation