



Caffeinate Your Portfolio With Cott Corp.

Description

Cott Corp. (TSX:BCB)(NYSE:COT) is a private label beverage provider that has been known through the years for its wide selection of off-brand sugary sodas, like RC Cola. The soda business has been going downhill over the past few years since the average consumer is moving towards a healthier lifestyle that doesn't include sugary sodas, which many consumers drank heavily many years ago.

The management team at Cott is determined to adapt to a changing environment with its expansion into coffee, tea, and water products. More recently, the company sold its bottling operations to a Netherlands-based company called Refresco in a deal worth US\$1.25 billion as the company looks to double down on its coffee, tea, and water businesses.

The coffee, tea and water business sounds very boring and simple, doesn't it? And it seems a lot less fun than sugary sodas business. But I believe this shift towards healthier beverages is a major move that may reinvigorate shares of Cott, which took a 36% plunge from peak to trough last year.

Cott looking to innovate with coffee

Before Keurig pods became popular with the general public, many thought that the low-tech business of coffee would be immune to technological changes. Obviously, this wasn't the case as traditional coffee machines were passed up for convenient Keurig machines with their single-serve coffee pods.

Cott is looking to take the coffee, tea, and water businesses to the next level with its latest innovation in its AquaCafe beverage system, which is a bottled water, tea, hot chocolate, and coffee-dispensing machine with a slim space-saving form factor. The AquaCafe is aimed at small offices as well as homes, is able to dispense both hot and cold beverages, and uses Keurig pods to brew many varieties of gourmet coffees or teas.

The AquaCafe sounds like a one-stop shop for all your healthy beverage needs. Going forward, a future release of the AquaCafe may support sparkling water dispensing or sodas. The beverage-dispensing system sounds promising, and I believe investors should be excited about the new direction the company is taking to become great again.

Shares of Cott soared 6.4% on July 25 following news that the company is selling its bottling operations to focus on tea, coffee, and water — a promising area which may see many compelling M&A.

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