



Hot Drinks in Sri Lanka

March 2026

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EXECUTIVE SUMMARY

Rising prices and subsequent price sensitivity dampen volume sales in 2025

KEY DATA FINDINGS

INDUSTRY PERFORMANCE

Affordability is paramount in consumer purchasing decisions except for wellness-focuses categories

Healthier variants increase in popularity

Rising environmental concerns remain secondary to cost-effectiveness

WHAT'S NEXT?

Rising costs dampen growth of hot drinks over the forecast period

Industry players focus on smaller pack sizes, wellness led innovation and digital marketing campaigns

Distribution strategies remain crucial while retail e-commerce becomes more significant

COMPETITIVE LANDSCAPE

Nestlé Lanka Plc is present with its Nescafé brand

Sunshine Holdings Plc with its Watawala brand achieves the strongest dynamism

CHANNELS

Small local grocers dominates sales of hot drinks

Modern grocers registers the strongest growth which stimulates sales of retail e-commerce

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Industry performance

Demand for speciality coffee grows thanks to its appeal among young urban dwellers

A coffee culture develops thanks to the launch of coffee shops in key urban areas

What's next?

Steady forecast period growth of coffee retail value sales despite competition from tea

Technological advancements embraced in manufacturing, distribution and marketing

Health and wellness increasingly influences the industry as do seasonal variations in cultivation

Competitive landscape

Domestic player Harischandra Mills Plc leads coffee

Harischandra benefits from widespread availability

Channels

Small local grocers remains the dominant distribution channel for coffee

Strong growth of supermarkets and hypermarkets, which also bolsters retail e-commerce

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What's next?

Positive growth of tea sales over the forecast period though pricing pressures dampen the category's development

The Sri Lankan tea industry experiences modernisation through technological advances

Health and wellness increasingly influences tea sales in Sri Lanka

Competitive landscape

Sunshine Holdings Plc leads tea with its popular Watawala brand

Strong growth of Sunshine Holdings and the lesser known Basilur

Channels

Small local grocers dominates sales of tea thanks to their convenience and lower prices

Supermarkets and hypermarkets experience the strongest growth for sales of tea

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Key data findings

2025 developments

Positive if slower growth of other hot drinks in 2025

Industry performance

Malt-based hot drinks characterises other hot drinks

The category moves from indulgence-driven purchases towards value for money and health functionality

What's next?

Modest forecast period growth of other hot drinks

Industry players invest in new product formulas, social media campaigns and retail e-commerce platforms

Other hot drinks increasingly influenced by sustainability, wellness and health concerns

Competitive landscape

Nestlé Lanka Plc dominates with its Milo and Nestomalt brands

Unilever achieves the strongest growth with its Horlicks and Viva brands

Channels

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