Trends 2019 and Beyond
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Trend Overview: Beverages for Overall Health & Wellness
Consumers Want Holistic Health & Wellness

**EMOTIONAL**
- Products, categories, ingredients and attributes that benefit emotional well-being
  - Ultra-Indulgent
  - Nostalgia
  - May Be High Calorie
  - Exciting Flavors
  - Calming Botanicals

**PHYSICAL**
- Products, categories, ingredients and attributes that benefit physical well-being
  - Food As Medicine
  - Adaptogens
  - Beauty from Within
  - No/Low Sugar
  - Protein
  - Probiotics
  - Immunity
  - Weight Loss
  - Natural Energy

**ENVIRONMENTAL**
- Products, categories, ingredients and attributes that benefit the environment that we need to survive
  - Clean Label
  - Farm to Fork
  - Plant-Based
  - Sustainability
  - Eco-friendly Packaging
  - Fair Trade
  - Upcycling
  - Waste-Not
  - Biodynamic
  - Compostable
  - Biodegradable

**CONSUMERS WANT**
- Holistic Health & Wellness

**PRODUCTS, CATEGORIES, INGREDIENTS AND ATTRIBUTES**

- Feel Good Origin Story
- Eco-friendly Packaging
- Farm to Fork
- Plant-Based
- Compostable
- Biodegradable
Clean Label

$47.1 Bil By 2020

Claims Up 30%

91% of consumers think familiar ingredients are healthier

1 MarketsAndMarkets | 2 Innova Market Insights
Sugar Reduction

- 86% of consumers are limiting the amount of sugar in their diet\(^2\)
- 79% look for the types of sugar or sweetener used
- 57% consumers think low-sugar is important in deciding what to buy\(^2\)

1 Mintel | 2 IRI
Sustainability

- 87% sustainability-related concerns impact values, attitudes, and actions
- 1/3 prefer products that help reduce our environmental footprint
- Most consumers will pay more for products with sustainability claims

1 The Hartman Group’s Sustainability 2017 Report | 2 Unilever | 3 Nielsen, Mintel
Key Insights

- Plant-based products perceived as healthy, more sustainable
- Plant-based product claims had a CAGR of 62% worldwide from 2013-17
- 86% of people buying plant-based products are meat-eaters¹
- Niche plant-based beverages will enter the market
- Oatly came to U.S. in 2017 and is in 2,200 coffee shops, 1,000 grocery stores in 1 year²

¹ NDP Group | ² USA Today
Next-Gen Coffee

Coffee + Function

Textures

Brew Method

Key Insights

• Coffee is a platform for adding functional benefits beyond energy
• Sensory claims on F&B products ^ 16% from 2013-17¹
• Whipped and nitro are textures enhancing coffee beverages
• Plant-based milk alternatives incorporated into cold brew beverages
• Flash brew AKA Japanese-style iced coffee could compete with cold brew

¹ Innova Market Insights
Next-Gen Tea

**Key Insights**

- Kombucha trends = coffee/kombucha, beer, cocktails
- Coffee influenced trends like cold brew, nitro-infusions and lattes
- Purple tea from Kenya suggested to have more antioxidants than green tea, visually striking purple color
Beverages for Every Need-State

Key Insights

- Plethora of food and beverages targeted toward personal lifestyle goals
- Soylent plant-based meal replacement raised over $50M in funding in 2017, is popular with male gamers
- Beauty, relaxation and cognitive health expected to be among the most sought-after benefits
Even More Hyper-Specific

Key Insights

- Beverages that are even more hyper-focused on a health benefit or need state on the periphery
- These beverages are very niche
Beauty from Within

Top Trend!

Collagen

Aloe Vera

Rose Water, Saffron Powder

Collagen, Vitamin C, Hyaluronic Acid

Key Insights

• The beauty industry is worth $445 billion\(^1\)
• The global beauty drinks market is expected to reach $1 billion by 2020 with an estimated CAGR of 11.6%\(^2\)
• Spotlight on collagen
• Other popular ingredients associated with beauty include aloe, biotin, hyaluronic acid

1 Forbes | 2 Research and Markets
Drinking for Thinking

Nootropic Energy
*N-Acetyl, Choline, L-Tyrosine, Citicoline, L-Carnatine*

Focus, Clarity, Memory, Mood
*Choline, L-Theanine, Acetyl-L-Carnatine, L-Tyrosine*

Cognitive Boost
*Acetyl-L-Carnatine, L-Theanine, Schisandra*

Focus
*Ginseng, Acetyl-L-Carnatine, GABA, Rhodiola Rosea*

Key Insights

- Nootropic ingredients are suggested to improve cognitive functions like memory, focus and motivation
- Importance of cognitive health has grown more than 20% among all American consumers
- Cognition issues are the top concern among U.S. adults after heart problems
- Some ingredients have regulatory concerns, can only be sold as supplements

1 Natural Marketing Institute
Sleep & Relaxation

Sleep
Acai Extract, Pomegranate Extract, L-Theanine, Melatonin, 5-HTP

Chill
L-Theanine, Siberian Ginseng, Gingko Biloba, Magnesium, Zinc, Lemongrass

Calm
Ginseng, L-Theanine, Schisandra, CBD

Sleep
L-Theanine, GABA, Melatonin

Key Insights

• Beverages using ingredients that help you get restful sleep like melatonin, lemon balm, lavender, and L-theanine
• Ingredients in the product will affect if the product can be labeled as a beverage or a supplement
More Ways to Achieve a Healthy Gut

**Key Insights**

- 19% of all drinks launches in 2017 had digestive/gut health claims.¹
- Global probiotic market size is expected to reach $46 billion by 2022.²
- Apple cider vinegar, which is often used in shrubs, is expected to grow by 10% through 2020.³
- Prebiotics, a type of fiber, expected to have the same positive association as probiotics.

¹ Innova Market Insights
² Market Research Engine
³ Research And Markets
Hemp Oil Tea

CBD Water

Hemp Oil Cold Brew Coffee

THC Sparkling Water

THC “Beer”

Key Insights

• Hemp-derived Cannabidiol (CBD) will be in products across beverage categories
• Benefits of CBD are that it is suggested to aid with pain, nausea, seizures, anxiety and depression
• Ingredient is sometimes listed as hemp oil instead of CBD because there is a legal grey area around CBD
• Market will reach $591 million this year and $22 billion by 2022 (a 5-year CAGR of 132%)¹
• Smaller scale will be non-alcoholic beverages enhanced with THC in states where cannabis is legal

¹ Brightfield Group
Spirulina  
Beet  
**Butterfly Pea Tea**  
Charcoal  

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**Top Trend!**

**Butterfly Pea Tea**

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**Key Insights**

- Ingredients like blue algae, beet, matcha, butterfly pea flower, charcoal and purple tea make beautiful beverages that are chock-full of health benefits which has made them a staple on Instagram
- Butterfly pea flower tea will be the rising star of 2019 because it is high in antioxidants and naturally changes color from blue to purple when acidity is added to it
Superfoods Deep Rooted in Ancient Tradition

**Turmeric/Curcumin**
Anti-inflammatory, protects against certain illnesses

**Ashwagandha**
Reduces stress, lowers cortisol levels, reduce blood sugar levels

**Tulsi**
Balances hormones, reduces stress, fights acne, protects against certain diseases

**Medicinal Mushrooms**
Reduces stress, increases energy, supports immunity, boosts cognitive function

**Schisandra**
Improves mood, boosts cognitive function, increases energy, protects against certain illnesses

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**Key Insights**

- Consumers are becoming more familiar with ingredients deep-rooted in Ayurveda and traditional Chinese medicine
- Turmeric, medicinal mushrooms, schisandra, ashwagandha, and goji berries have a history in these ancient traditions and will be top functional ingredients in new beverage launches
Superfood Lattes

Key Insights

• Functional/colorful + superfoods deep rooted in ancient traditions = superfood latte
• The fact that we first eat with our eyes will keep these beautiful beverages popping up on Instagram feeds
• #Beetrootlatte have grown more than 170% in the past year
Flavors to Watch
Spice it Up

Cardamom  ▼  Ginger  ▼  Cayenne  ▼  Habanero  ▼  Cinnamon/ Horchata  ▼

Key Insights

• Ethnic flavors experienced an average annual growth of 20-percent between 2013 and 2017.
• Hot, spicy flavors like cayenne, habanero, and jalapeño from Latin America in indulgent products like hot chocolate, coffee, tea.
• Horchata in indulgent offerings, protein beverages, and coffee.

1 Innova Market Insights
Globally Inspired True-to-Fruit

Yuzu
Blood Orange
Meyer Lemon
Guava

Key Insights

• True-to-fruit flavors Latin America and Asia will be widely represented on menus and in RTDs
• These flavors to be especially popular in enhanced waters, coffee, tea and juice
<table>
<thead>
<tr>
<th>Botanicals</th>
<th>Key Insights</th>
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</thead>
<tbody>
<tr>
<td>Juniper</td>
<td>• Botanical flavors include herbs, spices and flowers</td>
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<tr>
<td>Lavender</td>
<td>• Popular in sparkling waters, craft sodas, coffee, tea, lemonade, juice</td>
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<tr>
<td>Elderflower</td>
<td>• Lavender latte first appeared in foodservice, Black Medicine made the first RTD</td>
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<tr>
<td>Rose</td>
<td>• Some flavors (e.g. lavender) have functional benefits as well</td>
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<tr>
<td>Jasmine</td>
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Nostalgia with a Twist

Key Insights

• Food and beverage that trigger pleasant feelings of nostalgia, make people happy
• Popular in CSDs, coffee beverages, protein shakes, and cocktails
• Flavors that incite memories of childhood are evergreen
• Flavors like pumpkin spice, maple, eggnog and caramel apple are popular in LTOs because they trigger nostalgia inspired by season change and holidays
CONCLUSION
Key Takeaways From 2019 Trends

1. Clean up your label
2. Rethink sweet
3. Sustainability wins
4. Inherent health