

INGREDIENT challenges



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TASTE THE DIFFERENCE

New beverages leverage flavor to deliver enhanced experiences, functional benefits and global adventure.

by **HOLLY MCHUGH**,
Contributing Editor

CONSUMER PALATES are becoming more adventurous and sophisticated. The holistic health and wellness movement has been a key driver in evolving flavor preferences because consumers are more willing to try ingredients with inherently functional benefits. To create a health halo around products, brands are incorporating fresh fruit flavors, botanicals and superfoods into beverages.

Additionally, the stigma against sugary beverages has led many consumers to

seek out products that are less sweet, such as sparkling waters, non-sweetened or lightly sweetened teas; and less sweet/more adult-forward indulgent offerings such as dark chocolate milk.

According to Mintel, only one-quarter of consumers are seeking out highly sweetened beverages while more than a third enjoy a blend of sweet and savory flavors. The transition towards less sweet flavor profiles gives brands the opportunity

HAVE TASTEBUDS, WILL TRAVEL!
QUARANTINED CONSUMERS STILL INTERESTED TO TRY NEW GLOBAL FLAVORS, TEXTURES.

to incorporate novel fruit, botanical or vegetable flavors into products instead of leaning on sugar and other sweeteners to make a flavor profile exciting and enjoyable.

Experience-culture has also played an important role in expanding consumers' palates because they are seeking out novel sensory experiences as a

KEY POINTS

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The transition towards less sweet flavor profiles gives brands the opportunity to incorporate novel fruit, botanical or vegetable flavors into products instead of leaning on sugar and other sweeteners to make a flavor profile exciting and enjoyable.

Brands are experimenting with global flavors. Even indulgent flavors are becoming more sophisticated as brands explore more complex flavor profiles reminiscent of decadent desserts and culinary innovations. The COVID-19 pandemic will also have a significant influence on flavor trends.

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means of escaping their daily routines. Flavors are being used to create new usage occasions, such as combinations of true-to-fruit and botanical flavors in high-end mocktails. Brands also are experimenting with global flavors from Latin America, the Mediterranean, India and East and Southeast Asia. Even indulgent flavors are becoming more sophisticated as brands explore more complex flavor profiles reminiscent of decadent desserts and culinary innovations.

The COVID-19 pandemic will also have a significant influence on flavor trends. During these uncertain times, consumers will seek out beverages that provide comfort. Nostalgic flavors that evoke pleasant memories will be in demand as well as calming botanical flavors that promote relaxation.

TRUE TO FRUIT

True-to-fruit flavors are the most popular in beverages with respect to both use and consumer preference. In a review of more than 1,000 beverage launches in 2019, true-to-fruit was the primary flavor profile in nearly 40% of products. Additionally, Mintel found that citrus and berry flavors were the most preferred in non-alcoholic beverages.

Lemon, lime, and orange are classic fruit flavors that will always be popular, but

brands are appealing to consumers adventurous palates by incorporating fruit flavors that aren't as widely represented in beverages. Strawberry, peach, mango and cherry were among the 10 most common flavors used in beverage in 2019. These flavors were most prevalent in categories such as sparkling and enhanced waters, tea, energy drinks and juice.

Other domestic flavors gaining momentum include blueberry and watermelon. Blueberry's appeal stems from its superfood status, as it is high in antioxidants and chock full of essential nutrients like fiber, manganese and vitamins C and K. Since blueberries have so many health benefits, it's not surprising that one of the most common uses for the superfruit is to blend flavor and function in nutrient-dense smoothies like Lighthouse's Blueberry Banana Greek yogurt

smoothie and Naked Juice's Blue Machine smoothie. It's also an increasingly popular flavor in tea, kombucha and sports drinks. Recent launches include Starbucks Blueberry Black Tea Lemonade, BOS Blueberry Ginger iced tea, and C4 Energy Blueberry Lemonade.

Watermelon is used in beverages across categories and is especially prevalent in limited-time offerings during the spring and summer months. Research from Datassential shows that restaurants' use of watermelon in non-alcoholic beverages has tripled during the past 10 years and use of the fruit in alcoholic beverages has grown 54%. It's also an increasingly common flavor in sparkling water offerings. LaCroix and White Claw both added watermelon SKUs to their product lines in March and more brands are expected to follow.

Another way brands are innovating with true-to-fruit

flavors is by utilizing varieties of familiar fruits. For example, it's using key lime instead of lime or tangerine instead of orange. The benefit of using similar-but-different flavors is that they add nuance to the taste profile and make a product appear more exotic. Use of these types of flavors seem to pique consumers' interests, too, because the Google Interest ranking for "key lime" has grown 22% in the last six months while ranking for "tangerine" has increased 25%.

Another way brands are adding an exotic element to products is by utilizing globally inspired flavors. Citrus fruits such as blood orange and yuzu are being incorporated into products like sparkling waters, carbonated soft drinks, energy drink, iced teas and cocktails.

Blood orange is the rising star of global true-to-fruit flavors. It's been featured in products across categories as a

"TRUE-TO-FRUIT" FLAVORS A LEADING TREND IN NEW BEVERAGE LAUNCHES. CITRUS AND BERRY ARE MOST POPULAR IN NEW NON-ALCOHOLIC DRINKS.



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INDULGENCE—WITH A TWIST. RESTAURANTS MAY BE CLOSED BUT CONSUMERS ARE STILL CURIOUS TO TRY DIFFERENT DRINKS WITH “CHARRED,” “TOASTED” OR “SMOKED” FLAVOR NOTES.

Smoothie, Strawberry Guava Diet Coke, and Lemon Guava Perrier sparkling juice drink.

Passion fruit is another up-and-coming flavor that adds subtle sour notes to beverages and is often combined with sweet flavors like orange and mango. It's most often used in tea and sparkling water, but there's opportunity for brands to leverage passion-fruit's nutrient density in juice and functional beverages. Passionfruit is a rich source of fiber and vitamin C as well as a good source of vitamins B2, B3, iron and phosphorus.

BOTANICALS

Botanical flavors are popping up in products from coffee to blended ice beverages. Driving the trend is consumer demand for healthy, natural and functional ingredients as well as receptiveness to sophisticated flavor profiles.

Use of floral flavors has grown significantly during the last few years. Technavio predicts the number of product launches with floral flavors will continue grow at a CAGR of 10% through 2022. Some of the most commonly used floral flavors include hibiscus, lavender, elderflower, and rose. These flavors are incorporated into products across categories but are especially prevalent in tea, coffee, cocktails, and sparkling water.

YUZU HAS EXPERIENCED SIGNIFICANT MENU GROWTH AS WELL, WHICH IS EXPECTED TO IMPACT ITS USE IN CONSUMER PACKAGED GOODS DURING THE NEXT FEW YEARS.

primary flavor and in combination with familiar fruits like strawberry and mango. The tartness delivered by the blood orange especially appeals to Millennials and Gen Z who have seen this bold citrus grow 65% on menus in the past four years, according to Datassential. The flavor has also been featured in dozens of RTD beverages in the last year, including Poland Springs Blood Orange Hibiscus Sparkling Water, Teavana Blood Orange Mango Iced Tea, and Hydrant electrolyte drink mix.

Yuzu has experienced significant menu growth as well, which is expected to impact its use in consumer packaged goods during the

next few years. According to Datassential, Yuzu has grown 44.5% on menus in the last four years. Google trends data also suggest that consumers are interested in learning more about the Japanese fruit. Searches for “Yuzu” have increased nearly 50% in the last six months.

Tropical fruits like dragon fruit, guava, and passion fruit also are gaining momentum. According to Datassential, dragon fruit is one of the fastest growing global flavors, especially on limited-service restaurant menus. The exotic Southeast Asian fruit has reportedly grown 297% on menus in the last four years. In addition to having a sweet, tropical taste, dragon

fruit can also be visually appealing in beverages. One variety of dragon fruit has vibrant magenta flesh that can add a beautiful pink hue when the juice is added to a beverage, which is demonstrated in Starbuck's popular Pink Drink.

Guava is still considered a novel flavor in beverages, but it's experiencing strong growth and being used in products from many major players including Coca-Cola, Pepsi and Nestlé. Although it's sometimes used as the sole flavor, it's more often combined with familiar flavors such as strawberry and pineapple. Product launches within the last year include Naked Juice Tropical Guava



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Though they are widely used in products, the number of consumers who prefer these flavors is relatively low.

According to Mintel, only 10% of consumers list floral flavors among their most preferred, and they are most popular with Millennials. Therefore, it may take some time for consumers to catch onto this trend, and brands launching products targeting the mainstream should consider introducing them with familiar flavors like true-to-fruit.

Hibiscus is one of the fastest growing and most liked floral flavors. In addition to imparting a tart, cranberry-like flavor, it's loaded with antioxidants and has a bright pink-red color that enhances the visual appeal of beverages. Mintel reports hibiscus

experienced 300% growth in food and beverage product launches since 2012 and 55% growth on menus from 2015 to 2018. Additionally, more than a fifth of consumers have reported trying hibiscus and liking it. Recent product launches that incorporate hibiscus include Teakoe Pomegranate Hibiscus Iced Tea, Vital Proteins Blackberry Hibiscus Collagen Water, and Q Mixers Hibiscus Ginger Beer.

Another emerging floral flavor is lavender, which experienced 26.3% growth in beverages in 2018 according

GINGER IS ONE OF THE MOST VERSATILE FLAVORS BECAUSE IT CAN BE PAIRED WITH SWEET OR SAVORY AND WORKS IN PRODUCTS FROM NEARLY EVERY CATEGORY.

SOBERING TRUTH: MORE CONSUMERS LOOKING FOR NON-ALCOHOLIC OPTIONS.

to Technomic's Beverage Consumer Trend Report. Lavender is known for being soothing, so it is often incorporated into products that promote relaxation, but it's also been used as a flavor in beverages such as lattes, sodas and enhanced waters. Lavender is rarely used as the primary flavor and is often combined with flavors like blueberry, lemon, and vanilla. Given the stressful times brought on by the COVID-19 pandemic, lavender could appear in an even greater number of products that promote relaxation.

Culinary herbs like mint and basil also are being used more often in beverage to add sophistication and nuance and are often combined with flavors like strawberry, watermelon, cucumber and lime. Mint has especially broad appeal. Mintel reports that

more than 40% of consumers ages 18 to 44 list mint as a preferred flavor. Products that incorporate basil and mint include Sprecher's Strawberry Basil Sparkling Water, Mood33's Watermelon Mint Basil CBD-enhanced iced tea, and Purpose Tea Watermelon Mint Iced Tea.

Globally inspired spices such as ginger, turmeric and cardamom also are en vogue because they are functional and flavorful. Ginger is one of the most versatile flavors because it can be paired with sweet or savory and works in products from nearly every category like soda, coffee, tea, juice, enhanced water, and functional beverages. Datassential reports that ginger is on 55% of restaurant menus across the nation. Since consumers are craving spicy and exotic flavors, they're embracing the heat that comes from real ginger juice. The health and wellness movement also has contributed to ginger's growth because it has



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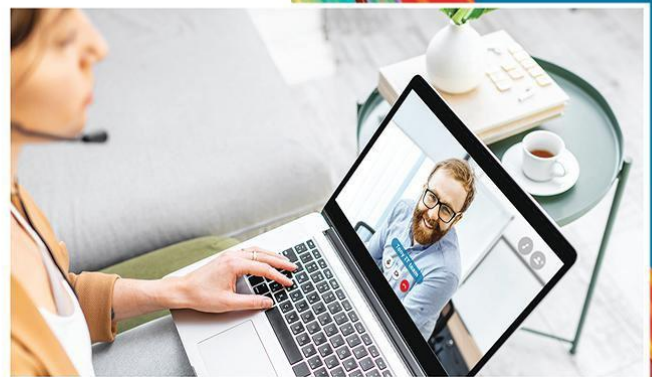
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NEW DARK CHOCOLATE OFFERINGS CUT SWEETNESS, APPEAL TO INDULGENCE AND COMFORT.

Smoothie, Oath Matcha Chai Protein Shake, and Wedderspoon Matcha Lemon Cayenne Drinking Vinegar.

INDULGENT

Despite many consumers opting for products that are less sweet, there's still a strong market for products that utilize indulgent flavors. These types of flavors are especially popular in categories like dairy and dairy alternatives, protein beverages and coffee.

Chocolate, vanilla and variations of the two are the most common indulgent flavors used in beverages. Derivatives of these flavors include dark chocolate, chocolate truffle, vanilla bean, and vanilla cream. Brands also differentiate chocolate and vanilla products by combining them with other flavors like almond, coconut, caramel and cinnamon.

Caramel and sea salt caramel follow chocolate and vanilla in terms of popularity. It's widely used in coffee, creamers and protein shakes. Since consumers are growing a taste for sweet and savory blends, salted caramel has gained a lot of traction in the beverage space. Recent CPG launches include a protein shake by Ripple, a nitrogen-infused oat milk latte by Califia, and TruMoo flavored milk from Dean Foods.

Indulgent flavors also are taking inspiration from culinary creations. These flavors might incorporate a preparation method like toasted, roasted, smoked; or have a sophisticated ingredient you might expect in a dish prepared by a chef. Examples of culinary inspired flavors included High Brew's Smoked Butterscotch Latte, Evolve's Toasted

IT'S OKAY TO BE BLUE: WATERLOO SPARKLING WATER SAYS THIS NEW OFFERING IS AN "UPFRONT BALANCE OF BRIGHT AND FRUITY BLUEBERRY NOTES, AND REFRESHING TRUE-TO-FRUIT FINISH."

Almond protein shake, and Coffeemate Crème Brûlée creamer.

Other emerging indulgent flavors are inspired by Latin American beverages and desserts. Flavors like churro, horchata, and Mexican chocolate are starting to be incorporated into beverages. These flavors have been incorporated into products like Chameleon Churro cold brew coffee, Better Booch Horchata kombucha, and Almond Breeze Mexican hot chocolate.

NOSTALGIC

Flavors that trigger pleasant feelings of nostalgia and ease the mind are used across categories. These flavors incite memories of childhood or are associated with certain seasons or holidays. Given that many of our lives have been turned upside down, nostalgia may relate to something even more recent, such as choosing products that are evocative of going to the beach as the weather warms up or time spent with friends in recent months.

Flavors reminiscent of childhood favorites take inspiration from cakes, cookies, and breakfast. Birthday cake is an increasingly popular flavor that is used in everything from coffee creamers to energy drinks. Other varieties of cake flavors include funfetti, cake batter, red velvet, strawberry shortcake, carrot cake and angel food cake. Products that utilize these flavors



PHOTO COURTESY OF: WATERLOO SPARKLING WATER (WWW.DRINKWATERLOO.COM)

several inherent benefits such as aiding with digestion and alleviating nausea.

Turmeric also has exploded in popularity because of its anti-inflammatory properties and bright yellow color. Sales of products with turmeric have grown 179% in the last three years, according to Nielsen. Turmeric is used in products like Wonder Drink Turmeric Ginger Kombucha, Dona Chai Turmeric Honey Soda and Honeydrop Turmeric Lemonade.

Matcha is another globally inspired flavor that has been thrust into the mainstream. In addition to being incorporated into part of the flavor profile of tea drinks, matcha is used in lattes (with and without coffee), sparkling water, energy drinks and smoothies. Matcha can add flavor and function as it has many health benefits such as improved energy, mood and focus. It's also high in antioxidants that have been tied to protection against heart disease and cancer, as well as better blood sugar regulation, blood pressure reduction, and anti-aging. Recent products that incorporate matcha include Odwalla Zero-Sugar Vanilla Matcha

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OCEAN SPRAY'S ATOKA LINE UTILIZES CRANBERRY SUPERFRUIT IN NEW TEA TONICS, OATMILK ELIXIRS AND HERBAL SHOTS.

include Bang Energy, Slimfast, and Liquid IV.

Brands are also using flavors inspired by cookies and other desserts. Common flavors include chocolate chip, oatmeal cookie, cookies and cream, s'mores, peanut butter cookie, fudge brownie and cinnamon roll. These flavors are incorporated into products like dairy and dairy alternatives, protein, and coffee. Dessert flavors are featured in products like OWYN Cookies and Cream plant-based protein shake, So Delicious Oatmeal Cookie coffee creamer, and S'mores Starbucks's RTD Frappuccino.

Breakfast flavors are up-and-coming in the beverage space. Brands are introducing cereal-inspired flavors like cereal milk, fruity cereal, marshmallow cereal, and cinnamon crunch. Other breakfast creations being transformed into flavors include French toast, maple,

and maple bacon. Recent breakfast-inspired launches include O3Omega Strawberry French Toast smoothie, Chameleon Maple Oat latte, and Coffee mate Cinnamon Toast Crunch creamer.

Some of these flavors also fall into seasonal favorites, like s'mores in the summer and maple in the fall. Other seasonal favorites include pumpkin spice in fall, eggnog, peppermint, and gingerbread in winter. Seasonal flavors are typically used in LTOs, though some flavors like pumpkin spice are starting to be used year-round.

The COVID-19 pandemic may also influence what falls under, "nostalgia." The definition of nostalgia is, "a sentimental longing or wistful affection for the past, typically for a period or place with happy personal associations," and since many consumers are adjusting to a quarantine lifestyle they may long for

experiences that remind them of more recent occasions like vacations or parties.

Therefore, cocktail-inspired flavors such as piña colada or mojito that could represent vacationing on a tropical island may become more popular. Other flavors that might fall under nostalgia are flavors representative of occasions that are currently unavailable such as spa-inspired flavors like cucumber lime, or popular summertime flavors that remind consumers of summertime get-togethers like watermelon and lemonade.

FUTURE OF FLAVOR

Consumers will continue to explore new flavors and expand their palates. Though their exposure to certain flavors may be limited while stay-at-home orders are in effect as a result of COVID-19, there is opportunity for CPG brands to delight consumers by

incorporating exciting and adventurous flavors that will help consumers escape from the mundane. Start-up or emerging brands may have an opportunity to shine as some of the bigger brands may be temporarily out of stock due to unanticipated demand.

Products that blur the line between flavor and function will also be in demand, especially when ingredients are nutrient-dense or promote relaxation. Consumers will seek out true-to-fruit flavors with immune-boosting benefits, antioxidant-rich superfoods and calming botanicals in the coming months.

Indulgent flavors will also offer an escape for consumers looking for a pick-me-up during these stressful times. One of the most popular uses of indulgent flavors is to create opportunities for permissible indulgence by including dessert flavors into better-for-you beverages like protein shakes. There's also opportunity for brands to innovate with indulgent flavors by creating experiences akin to foodservice, such as a ready-to-mix Dalgona Coffee kit. **pf**

Holly McHugh is a marketing associate at Imbibe. Imbibe, Niles, Ill., is a beverage development company focused on the formulation, customization and commercialization of cutting-edge beverage products. Visit www.imbibeinc.com to learn more.