Functional beverages
- just a new fad or the real thing?

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About Mintel

- UK-based leading publisher of consumer market research
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- Mintel Product Portfolio:
  - Reports
  - Mintel Services
  - GNPD (Global New Products Database)
Today’s Presentation

• Functional beverages - what do we mean?
• New product trends and innovations
• Product claims, key ingredients and targeting
• Major regional differences and what works (or not)
• Conclusions and the future
What do we mean by “functional”?

- Functional food and beverages - no universally accepted definition
- Foods and drinks “affecting beneficially one or more target functions in the body beyond adequate nutritional effects in a way that is relevant to either an improved state of health and well-being and/or reduction of risk of disease” (British Journal of Nutrition, 1999)
- “Beverages with health benefits beyond their nutritional value”
- Wider context - includes beverages that are, or are perceived to be, “better for you”, i.e. functional and fortified
Functional ingredients

- Antioxidants
- Calcium
- Folic acid
- Fibre
- Fatty acids
- Natural herbal extracts
- Prebiotics
- Probiotics
- Phytoestrogens
- Soy protein
- Plant sterols/stanols
- Stimulants
## New product introductions

### New product introductions, functional and fortified beverages, global, by region

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
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<th>2003</th>
<th>Q1 2004</th>
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<td><strong>Total</strong></td>
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<td><strong>1510</strong></td>
<td><strong>1801</strong></td>
<td><strong>264</strong></td>
<td><strong>4,172</strong></td>
</tr>
</tbody>
</table>

Source: GNPD/Mintel
New product introductions

• Numbers of introductions grew substantially to 2003
  – … but appear to be in decline in 2004

• Globally, functional and fortified beverages account for around 15% of all beverage new product introductions
  – But regional variation:
    • 20% in Asia-Pacific
    • just 12% in Europe

• In terms of sales, functional beverages are significantly less important
  – e.g. estimated 3% of the UK juices & juice drinks market
## New product introductions, functional and fortified beverages, global, by sub-category

<table>
<thead>
<tr>
<th>Category</th>
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<th>2003</th>
<th>Q1 2004</th>
<th>Total</th>
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<td>1</td>
<td>0</td>
<td>4</td>
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<tr>
<td><strong>Total</strong></td>
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Source: GNPD/Mintel
Anyone for fibre-beer?

Sapporo’s Fiber Beer, Japan:
5% ABV and one quarter of the adult fibre intake in a 350ml can
But seriously… major players are involved
Fortification in major brands

Tropicana Pure Premium Fibres/Calcium juices, Europe
Fortification in major brands

Campbell’s Invigor8 nutrition boost juice drink, USA
Antioxidants

• ACE vitamins
  – generally without specific health claims
  – but labelling references “protection”
  – especially strong in Germany
  – mostly in juices and juice drinks
ACE protection - especially in Germany

Vivaris Schutz Dich! juice drink with ACE, Germany
Antioxidant boost

Tropicana Antioxidant Boost Smoothies, USA
“Natural”

• “Natural” extracts (plants, herbs, etc.)

• The inherent natural goodness of certain fruits and vegetables
  – how that keys into the “5 a day” campaign
  – combining health and pleasure
Guaber’s Vitamine Performance drink with maté, guarana and ginseng, Italy
Natural goodness of fruits & vegetables

Nestlé’s Nutrel Vegaplus juice drink, Germany
- the Mediterranean diet in a bottle
Natural antioxidant power of cocoa

Masterfood’s Cocoa Via confectionery (USA) and milk-based beverage (UK)
Natural benefits of blueberry (anthocyanin)

Meiji’s Koran drink for tired office workers, Japan
“Smart drinks”

- Glucose - making a “brain energy” claim on a mainstream energy drinks brand
- DHA for brain development and mental agility
“Smart” drinks - glucose

Lucozade Energy drink with Brain Energy labelling based on glucose content, UK
Kirin’s Exam Power Water with DHA, Japan

“Smart” drinks - DHA
Probiotics

• Growing market for probiotic dairy-based drinks
  – now worth an estimated US $1 billion at retail in Europe

• Plant-based and dairy-free probiotics
Skåne Mejerier’s ProViva range, Scandinavia

Non-dairy probiotics
Soy

- No longer just a milk substitute
- Now found in juice- and water-based beverages
- Health status confirmed in USA and UK
Beverages with soy

Leading Brands’ Soy2O line, USA; Naked Foods’ Crème de Soy, USA
Cholesterol reduction

- Plant sterols move from margarine to juice
- Everyday contribution to cholesterol reduction
Minute Maid Premium Heart Wise juice with plant sterols, USA

Cholesterol reduction
Taisho Pharmaceuticals' Cholescare soft drink, Japan

Cholesterol reduction
Weight control

- New functional ingredients linked to weight loss
- Cosmeceutical products
Weight loss

Kao’s Healthya green tea for weight loss, Japan
Aroma theory for weight loss

Coca-Cola and Shiseido - Aroma Works Body Style Water, Japan
Bone & joint health

• More than calcium fortification
• Beverage supplements
• Targeting old and young
BioEssentials’ Motion Potion supplement drink; Joint Juice supplement beverage, both USA
Bone & joint health

All Sport Plus with chondroitin and glucosamine, USA
Beauty beverages

- Beverages with skin- and hair-care benefits
- Established in Asia
- New in the West
Beauty beverages

Pokka Moisturizing Veil Ceramide, Japan; Contrex Eaux Plus Beauté, France; Yagua Beauty Juicer, Netherlands
The diversity of the market

- New positioning claims
- Novel ingredients
Iced coffee with a difference

Returnity milk-based iced coffee nutritional drink, Netherlands
- with energy ingredients, vitamins, etc.
NicoFluid, France - enhanced water to aid smoking cessation
Hay fever buster

DyDo Drinco’s Hay Fever Buster, Japan
Regulates the body’s rhythm

Coca-Cola’s Tadas drink
“to regulate the day/night rhythm”, Japan
Novel ingredients - sea water

Kanebo’s Suplipet nutritional drink with vitamins, coenzyme Q10 and deep sea water, Japan
Conclusions and the future

- Market still characterised by a high turnover of small, unsuccessful brands
- But much more than a fad in some markets
  - Japan
  - Growing involvement of major brands/companies
- Also a growing market
  - Sales are still relatively small
  - But this is a high added value segment with great future potential
Areas to watch for the future

• Gender-specific product targeting
• Further development in the West of beauty beverages
• Transfer of “new” claims from other markets to beverages
  – e.g. cholesterol reduction emerged recently, perhaps blood pressure control in the future
• Greater promotion of “natural” or inherent health benefits