



# Beverage basics — and beyond

If there's one thing that can be definitively said about the beverage category it is this: it's never boring. So honing in on basic formulation trends is not easy. And this is compounded by the fact that whatever is happening in food and beverage development, you can bet that beverage formulators are in the thick of it – breaking new ground to differentiate their products from the pack.

The beverage category has always been a trend-setting segment, pushing the envelope with products that hydrate and support athletic performance. But in recent years, a new culture around beverages has emerged to take this to a new level – placing these products at the center of the industry's most important trends, including health and wellness, added function and label-friendly and sustainable ingredients.<sup>1</sup>

This impact was common prior to the pandemic, but it's even more prevalent now as consumers recognize the vital importance of staying well and getting good value from products that meet their specific needs.<sup>2</sup>

It doesn't hurt that they increasingly recognize the value of food and beverages toward achieving health goals:

55%

of consumers now choose foods and beverages they perceive as providing protective, preventive health benefits.



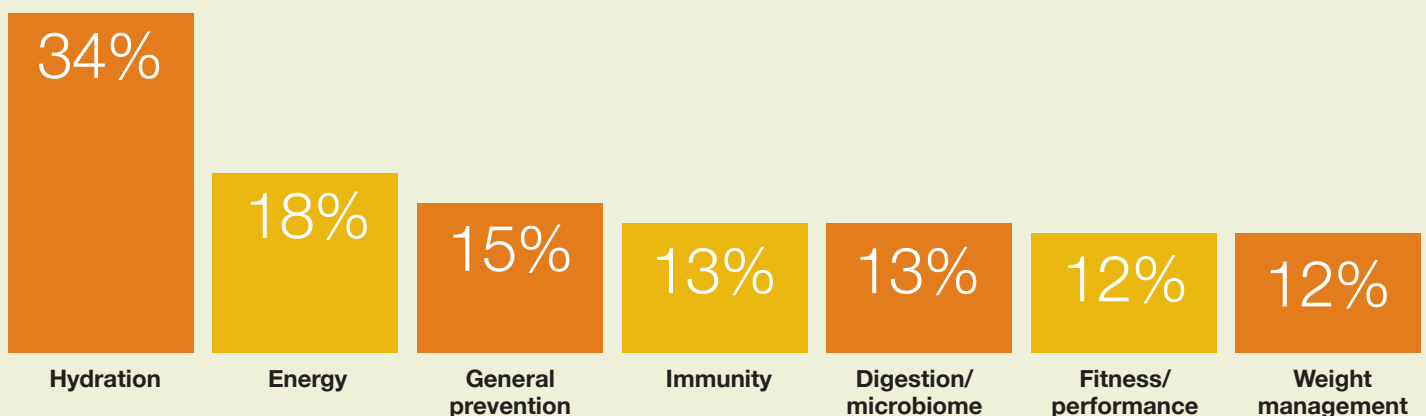
Seven in 10 consumers believe that certain foods/beverages can have medicinal benefits.

Source: HealthFocus International, 2020.

Again, beverages are at the forefront of this trend, with 56% of adult consumers now noting that they use functional beverage solutions to treat or prevent a specific health condition.<sup>3</sup> In fact, demand for functional beverages is so strong that it has become a category in its own right, with estimated sales of \$110 billion in 2020 and predicted to reach more than \$200 billion by 2030.<sup>4</sup> What's more, consumers are increasingly taking a proactive approach to nutrition and seeking beverages that provide functional benefits beyond hydration, such as energy, general wellness and immune function.

This demand for new and better beverages transcends all beverage types, with growing consumer interest in functional beverages across the spectrum: from juices to teas and bottled waters to coffees.<sup>5</sup> Younger consumers tend to be driving this interest in functional beverage properties. More than 45% of consumers under the age of 50 say they are highly interested in functional food and beverages that provide a health benefit beyond nutrition... and not surprisingly, this interest is higher among consumers with kids in the household.<sup>6</sup>

### Top functions consumers seek from beverages



Source: The Hartman Group. "Functional Food & Beverage and Supplement Report 2021."

## The basics of a better-for-you beverage

Although consumers are increasingly looking for beverages that address specific health needs, there is now a baseline for most beverages to meet basic tenets of nutrition, label-friendliness and sustainability. This means that sugar reduction will continue to be important. Despite some temporary allowance for indulgence due to the pandemic, consumers are still concerned about sugar content – so they are looking for beverages with ingredients that help them control their intake, according to new data from The Hartman Group.<sup>7</sup>

Some consumers are looking for ways to add sweetness to their diets by choosing occasions to indulge, while others might seek products with specific sweetener ingredients.<sup>8</sup> This latter choice has led to a boom in sugar-reduction claims globally, with an 18.1% CAGR between 2010 and 2020, according to data from Euromonitor International.<sup>9</sup> Across the board, beverage categories are seeing high increases in sugar-reduction claims, with some of the highest growth rates in sports-protein-based RTDs (+25%), RTD sports drinks (+21.3%), plant-based waters (+20%), iced teas (+18.2%) and flavored bottled waters (+17.7%).<sup>10</sup>

Stevia-based sweeteners are among the top solutions for reducing sugar in beverages. There is now a broad range of options, with ingredients that can achieve a range of sugar-reduction goals. One recent example is EverSweet™ (Reb M and Reb D), which is made sustainably through fermentation and can reach sugar reduction targets of up to 100%. Erythritol, a zero-calorie sweetener, is another sweetener that can add bulk and mouthfeel to a beverage and is often used synergistically with stevia ingredients to address taste issues that may occur with higher usage levels.

Plant-based proteins are another emerging ingredient in beverage formulation. Beverages such as bottled waters and sports drinks that offer both hydration and energy/alertness benefits are of particular interest.<sup>11</sup> Pea proteins have surfaced as a top choice, offering strong awareness, a sustainable perception, robust protein content and a delicious taste that provides a creamy, smooth mouthfeel and clean finish.

Increased use of plant-based proteins has also aided the sustainability profile of many beverages, an important category topic as consumers now note major concern about single-use plastic waste.<sup>12</sup> Packaging in plastic bottles has become one of the most evident sustainability issues, and consumers are looking at companies to provide new and better options. Large players in the beverage segment will likely drive advances in this area by investing in new format options like home water carbonators, PET bottles and built-in water filters.<sup>13</sup>

## What's brewing next?

After meeting these expectations, added function will continue to drive the next steps in beverage innovation. Consumers are already looking for functional products to help maintain health, and this has accelerated growth in products for both immune support<sup>14</sup> and digestive function.<sup>15</sup> The next emerging categories will be functional beverages that support mental and emotional health needs.<sup>16</sup> Beverages that may help consumers focus, relieve stress and relax will be on-trend. What's more, as consumers embrace the ideas of dieting without too many rules, these products will be positioned as mindful choices, with a focus on beneficial nutrients and lower calories.

**EverSweet®  
+ ClearFlo™**  
Stevia Sweetener + Natural Flavor

Cargill's latest innovation combines our next-generation EverSweet® stevia sweetener and ClearFlo™ natural flavor in a single ingredient for enhanced sweetness and sensory performance with dramatically improved solubility. [Learn more.](#)

It's worth noting that regulatory authorities require full substantiation of claims made on products. At the same time, many consumers will rely on technology for supporting data about ingredients and claims made. So brands looking to capitalize on the trend will need to support products with scientific research and communicate those concepts in product literature or on-pack.<sup>17</sup>

Product quality will also be redefined, according to Mintel insights, as consumers seek greater value for their money in a post-pandemic world.<sup>18</sup> For beverage brands, this translates into adventurous flavors and sustainable ingredients that bring both high nutritional value and a transparent supply chain. Consumers will also increasingly seek beverages that meet their personal health goals and create community with like-minded consumers.

Tapping into consumer passions, as well as local and global causes, will be an important element for future beverage success.



Learn more about Cargill solutions for on-trend beverage development at [cargill.com/beverages](https://cargill.com/beverages).

<sup>1</sup> The Hartman Group. "Consumers Look for Benefits in Beverages" in Modern Beverage Culture Report 2018. <https://www.hartman-group.com/infographics/1251327552/consumers-look-for-functional-benefits-in-beverages>

<sup>2</sup> Mintel Group. "Global Food and Drink Trends 2021." <https://www.mintel.com/global-food-and-drink-trends>

<sup>3</sup> The Hartman Group. "Functional and Enhanced Beverage Trends" in "Functional Food & Beverage and Supplements Report 2021." <https://www.hartman-group.com/infographics/332626980/functional-and-enhanced-beverage-trends>

<sup>4</sup> Allied Market Research. "Functional Beverage Market by Type, Distribution Channel, and End User: Global Opportunity Analysis and Industry Forecast, 2021-2030." <https://www.prnewswire.com/news-releases/functional-beverages-market-to-garner-200-08-bn-globally-by-2030-at-5-9-cagr-allied-market-research-301382686.html>

<sup>5</sup> Ibid. The Hartman Group. "Functional and Enhanced Beverage Trends."

<sup>6</sup> Cargill Proprietary Research. 2021 Global Trends Study.

<sup>7</sup> The Hartman Group: "How Sweet It Is: Our Complex Relationship with Sugar and Sweeteners" from "Health & Wellness: Reimagining Well-being Amid COVID-19" report, 2021. <https://www.hartman-group.com/infographics/916732951/how-sweet-it-is-our-complex-relationship-with-sugar-and-sweeteners>

<sup>8</sup> Ibid. The Hartman Group. "How Sweet It Is."

<sup>9</sup> Euromonitor International data cited in "COVID-19's Impact on Beverage Trends." Carla Saunders, Cargill, September 2021.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> The Hartman Group. "Sustainability Today: Single-use Plastic Waste" from Sustainability 2021: Environment and Society in Focus report, 2021.

<sup>13</sup> Euromonitor International. "Passport: Danone Group in Soft Drinks (World)." April 2021.

<sup>14</sup> Ibid, "COVID-19's Impact on Beverage Trends."

<sup>15</sup> Ibid.

<sup>16</sup> Ibid. Mintel.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.