NSF International

Founded in 1944, at the University of Michigan’s School of Public Health

WHO WE SERVE

CONSUMERS

PRIVATE SECTOR
- Food
- Water
- Health Sciences
- ISO
- Sustainability
- Consumer Products

PUBLIC SECTOR
- International
- Federal
- State & Local
- Public Health

36 Number of NSF business units

OUR MISSION

To protect and improve human health and the environment.

WE ARE A NOT-FOR-PROFIT CORPORATION

WITH FOR-PROFIT SUBSIDIARIES

NSF IS A WORLD HEALTH ORGANIZATION COLLABORATING CENTER

WHO IS NSF?

WHAT WE DO

- TESTING
- INSPECTION
- CERTIFICATION
- TRAINING
- CONSULTING
- STANDARDS DEVELOPMENT

NSF International
Canadian Headquarters – Guelph, ON
Office in Montreal, Quebec

Since 1996, providing expert advice, practical solutions and proven results

We strive to make the difference with our clients
Beverage Trends

- Motivations and Drivers Behind Beverage Trends
- Clean Label: Here to Stay
- Shelf Stability: Why?
- Beverage Trend Drivers and Beverage Trends
Motivation and Drivers Behind Beverage Trends

- Authenticity
- Transparency
- Personalization
- Health and Wellness
- Social Engagement / “The Story”
- Convenience
- Regulations
- Innovation

Source: Food Manufacturing, Food & Beverage Trends for 2018; Mintel, 2018
Clean Label: Here to Stay

• What is Clean Label
  o Familiar ingredients, easy to pronounce
  o Short list of ingredients
  o Non GMO Project Verification
  o No “unhealthy” ingredients
  o Low or reduced sugar
  o Minimal processing

• Why is it here to stay?
  o Transparency
  o Health and wellness
  o Healthier ingredients
  o Natural
  o Free-From
Shelf Stability: Why?

- By 2050 the world’s population will reach 9.1 billion
- Global supply chain of healthy, safe foods and beverages needed for a reliable world food supply

On-Line and Export

- Top barriers to online purchasing globally:
  - Examine product (69%)
  - Freshness (64%)
  - Quality (62%)
- Online products need extended shelf life:
  - Distribution
  - Temperature
  - Shipping and handling tolerance

Convenience

- Eat anywhere and anytime

Source: Food Business News, Online Sales Add to Shelf Life Importance, 2018; Food Safety Magazine, The Need for Ingredients That Improve the Health and Safety of Shelf Stable Drinks, 2014; Packaging Europe, On-the-Go: The Trend That’s Here to Stay, 2017
Beverage Trends
Beverage Trend Driver: Health & Wellness

• Global, holistic approach to health-related issues through diet management
• Consumers are looking at the impact of food and health:
  o 76% of Canadians aim to eat healthy some or all of the time
  o 70% say they can manage their health and wellness through proper nutrition
  o 45% of Canadians say they are interested in trying the latest foods with health claims
• Consumers are more interested in what food & drink offers instead of what it lacks

**Beverage Trend Driver: Health & Wellness**

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<td>25%</td>
<td>High cholesterol levels</td>
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<td>Dental abscess/caries</td>
<td>23%</td>
<td>High/low blood pressure</td>
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<td>Indigestion</td>
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<td>Obesity</td>
<td>18%</td>
<td>Stress</td>
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Global: Top 10 health issues that consumers are concerned and actively buying products which address them, by gender, 2017
Beverage Trend: Functional Benefits
Probiotics and Prebiotics

- +20 million Canadians - digestive disorders
- $18 billion (2000) annually in health care costs, lost productivity (Canadian Digestive Health Foundation)
- Industry response
  - Gluten-free, lactose-free, plant milk
- Probiotic
  - Live bacteria
- Stronger focus on prebiotics
  - Fiber

Source: Canadian Digestive Health Foundation, Statistics; Priobiotin Prebiotic; Dr. Jockers.com The Top 33 Prebiotic Foods for Your Digestive System
Beverage Trend: Functional Benefits
Probiotics and Prebiotics

- Combined with nutritional blends, super food ingredients
- Quantities not regulated; vary across beverages
- Understand the strain

Most common in:
- Fermented beverages
  - Kombucha
  - Kefir
- Enhanced water
- Dairy beverages
- Yogurt-based beverages
Beverage Trend: Healthy Ingredients
Protein, Plant Sourced

• Consumers seeking plant-based foods
• Plant-based proteins:
  o Positive health effects (overall improvement)
  o Weight management
  o Building muscle
  o Boosting energy
  o Superior nutritional value
  o (Environmental sustainability)
  o (avoid meat consumption)

Source: Nielsen, Plant-based Proteins are gaining Dollar Share Among North Americans, 2017; Food Dive, What’s Driving Consumer Desire for Plant-based Foods, 2017
Beverage Trend: Healthy Ingredients  
Protein, Plant Sourced

- **Barley Milk:**  
  - Unused barley grain (beer byproduct)  
  - Food waste and sustainability
- **Flax Milk:**  
  - High in omega 3 content  
  - Free of allergens
- **Hemp Milk:**  
  - Excellent source omega 3 with all 9 essential amino acids
- **Pea Milk:**  
  - 8 grams of plant-based protein
- **Quinoa Milk:**  
  - High in protein, fibre, vitamins and nine essential amino acids  
  - Minerals: magnesium, iron, copper, manganese, zinc, phosphorous  
  - Low glycemic index
- **Peanut Milk:**  
  - 8 grams of plant-based protein
- **Almond Milk:**  
  - 8 grams of plant-based protein
Beverage Trend Driver: Health & Wellness, Regulations

General trending away from sweetened beverages

• **Consumers**
  - Check sugar content (81%)
  - Reduced sugar consumption (84%)
  - Reduced sugar intake due to health and wellness concerns (50%)

• **Regulatory Changes**
  - FDA sugar labelling requirements
  - New Health Canada regulations (December 2021)

• **Sugar Tax**

Source: Mintel Sugar Reduction Trends, 2017
Beverage Trend: Natural, Health & Wellness
Enhanced Water

- Growth expected in the bottled water market
  - Still
  - Carbonated
  - Functional
  - Flavoured
- Plant or Tree Waters
  - Coconut, cactus, birch, maple
- Fortified
  - Probiotics, antioxidants, fiber
- Hydration
  - Electrolytes and minerals
- Energy
  - Caffeine
Beverage Trend Driver: Personalization, Innovation

- Health-conscious consumers; awareness of negative impact of alcohol
- Beverage alternatives to alcohol, sugary beverages
- Mature tastes, sophistication
- Unique
- Superior quality
  - Unique flavours
  - Natural premium ingredients
- ‘Craft’ production techniques

Beverage Trend: Premium, Healthy Ingredients
Adult Soft Drinks

- Less sweet beverage
- Carbonated, refreshing
- Not too intense flavour profile
- Surprising and unique flavour
  - Botanical flavours add subtly sweet taste, fresh aromatics
    - Lavender
    - Rose
    - Hibiscus
    - Elderflower
  - Spicy ingredients
    - Chili
    - Ginger
    - Cinnamon
Beverage Trend Driver: Innovation, Convenience, Transparency

- Coffee increasing in popularity with younger generations
- New drinks to target this audience
- Stories
  - Farmer
  - Bean
  - Process
- Ready-to-drink
- Convenience
- New flavours
- New methods of processing
Beverage Trend: Clean Label, Texture Ready-to-Drink Coffee

• **Nitro Coffee**
  - Nitrogen-infused
  - “On tap” at coffee shops
    - Rich, creamy; strong; frothy, foamy texture; resembles beer

• **Cold Brew Coffee**
  - Brewed with cold water over 12-24h period; strong concentrate mixed 50:50 with water; high caffeine
    - Strong; full-bodied; less bitter, acidic

• **Sparkling Coffee**
  - Carbonated
  - Addition of fruit juice/lemon juice, citric acid/sugar
    - Fizzy; fruity; sweet; interesting mouthfeel
Beverage Trend Driver: Innovation, Convenience, Health & Wellness

- RTD tea growing faster than soda
- Anticipated Gen Z (13-18 year olds) to be largest segment of RTD tea consumer (US)
- Clean label
- Convenience
- Healthier
  - less sugar,
  - Health benefits (antioxidants)
- Future growth in carbonation

Source: Food Processing, Product Focus: ready-to-Drink Coffee and Tea, 2018; World Tea News, RTD Tea is Growing Faster than Soda, 2017
Beverage Trend: Clean Label, Healthy Ingredients
Ready-to-Drink Tea

- **Cold Brew Tea**
  - Brewed with cold water over 12-24h period
  - Less caffeine
  - Less bitter, tannic, astringent; more delicate, naturally sweet

- **Kombucha**
  - Fermented tea with sugar and SCOBY (symbiotic culture of bacteria and yeast)
  - Contains less than 0.5% alcohol
  - Mild vinegar flavour; sour; acidic; effervescent

- **Matcha**
  - Powdered green tea + water; sometimes milk is added
  - Positive association with cognitive health
  - Full bodied, creamy, vegetal/earthy; astringent; bitter; sweet
Beverage Trend Driver: Social Engagement, Innovation

- Unique, multisensory experience
- Like “The Story”
- Multiple sense appeal
  - Provide escapes from routine and stress of life
  - Memories
  - Share-worthy social media posts
- 44 years and younger share unique experiences on social media (Mintel, 2018)
- Bright, vibrant colours look great in pics
  - Turmeric, Matcha, Activated charcoal
- Unusual textures

Source: Mintel Announces Five Global Food & Drink Trends for 2018; Mintel Announces Five Global Food and Drink Trends for 2018
Beverage Trend: Texture Beverages with Particulate

- Disfruta (Yoplait, Mexico)
  - Natural fruit pieces
- Fanta Jelly Fizz (Coca-Cola, Australia)
  - Shake 10 times to activate jelly fizziness
  - Blended with liquid jelly pieces
- Fanta Sour Tingle (Coca-Cola, Australia)
  - Loaded with extreme sours and tingles
- Chia Seed Drink (Jojonavi, Viet Nam)
  - Chia seeds in fruit juice
Beverage Trend Driver: Regulations, Innovation

- Bill C-45 Cannabis Act - April 13, 2017
- Bill C-46 An Act to Amend the Criminal Code
  - dried and fresh cannabis, cannabis oil, and seeds and plants for personal cultivation
- Current Status:
  - March 22 - 2nd reading, Senate
  - March 28: to Committee
  - June 7th: Final Vote
  - Royal Assent
- October of 2017, the Standing Committee on Health passed two proposed amendments to Bill C-45:
  1. Added cannabis edibles and concentrates to the types of cannabis can be sold
  2. *The addition of edibles must occur within one year of the Act coming into force.*

Beverage Trends: Functional Benefits
Cannabis-Infused

The regulations are anticipated to:
• To provide a precise definition of “cannabis edibles”
• Set maximum amount of THC per serving
• Set maximum amount of THC per product

One (1) gram of dried cannabis is equivalent to:
• 5 g of fresh cannabis
• 15 g of edible product
• 70 g of liquid product
• 0.25 g of concentrates (solid or liquid)
• 1 plant seed
Taste, TASTE, Taste

• Consumers are unwilling to sacrifice enjoyment when making food and beverage purchases

• “Taste and price drive food and beverage choices more often than healthfulness”

Beverage Trends
Summary

**Beverage Drivers**
- Authenticity
- Transparency
- Personalization
- Health & Wellness
- Social Engagement
- Convenience
- Regulations
- Innovation

**Beverage Trends**
- Clean Label
- Premium Ingredients
- Healthier Ingredients
- Natural
- Free-From
- Functional Benefits
- Texture
Thank you
Questions?

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