FUNCTIONAL NON-ALCOHOLIC BEVERAGES: SHIFTS IN THE PURCHASING PATTERNS OF NON-ALCOHOLIC BEVERAGES

Narender Suhag¹ Dr. Priyanka Singh²
¹²Faculty of Management Studies,
Manav Rachna International University,
Faridabad, Haryana, India.

Abstract: Functional non-alcoholic beverage industry is a dynamic segment and it is continuously evolving bringing new products and packaging styles in the market. Consumer’s demand for convenient drinks and their implications on health is the catalyst of growth in this industry. A wide array of non-alcoholic beverages claiming functionality in the human body is already occupying the space of stores. It is interesting to know why health benefiting functional beverages is gaining popularity in the consumers. There are facts which compel the younger generation to go for “good for you” functional beverages. Typical mindset that beverages are meant to quench the thirst is changing and now they have been considered as a complete meal in breakfast and other meal periods. This segment of industry offers a wide range of products for different requirements. The main popularity of these beverages is coming because of their contribution towards health and wellness. Major players of this industry are spending a lot on the Research and Development in order to develop unique processes and techniques to explore the valuable health benefiting ingredients. New techniques may be hybrid drinks or use of by-products to enhance the nutritional and enriching them with vitamins, minerals, antioxidants, and other desirable enzymes in the body to improve the functioning of our body. Marketing techniques focus on resolving the day to day lifestyle related issues. Convenience in handling, new packaging styles are also attracting the consumers to go for these beverages. Major categories of the functional beverages include dairy based drinks, energy drinks, enhanced water-based drinks, vegetable and fruit based drinks among the leading ones. The prime focus of this study is to analyze the present scenario of drinks and how functional drinks and premium juices are getting popular in the consumers. The study attempts to showcase the shift in buying patterns of the consumers and the advancements in the category of functional beverages.

Keywords: Functional, beverages, health, consumers

I. Introduction

Functional Beverage industry is a sub-sector of non-alcoholic beverage industry which includes ingredients like herbs, vitamins, minerals or additional raw fruits or vegetables. One of the most commonly consumed beverages in the world, tea and coffee, not only offer the flavors in their natural form but also considered beneficial for health because it contains healthy polyphenols and antioxidants. As they are readily accepted by the masses, they can be easily transmitted into the other drinks like energy drinks, coffee flavored water and other wellness drinks. Tea and coffee contains caffeine, an active ingredient which may increase your metabolism and gives you a boost of energy. “Functional beverages are an area in which experts say coffee will play an integral role this year. I believe coffee is going to make a big splash in the protein drink category this year,” says Kevin Goodner, product manager of essences and extracts at Synergy Flavors, Hamilton, Ohio. As a replacement to soft drinks, Enhanced water is gaining more popularity. Being non-sweetened, added natural flavors and supplemented with vitamins and minerals is a healthy substitute to soft drinks. Giants of the beverage industry like Pepsi and Coca-Cola are among one of those companies who are promoting enhanced waters due to its perceived health image in the consumers. Different segments of functional non alcoholic beverages are gaining popularity because of the higher medical costs and competition in the market to deliver unique and convenient drink (Nicole Fry, 2015). The nutrition space is always looking for good flavors to gel with plant and dairy based drinks and the increasing interest in overall health has helped to boost the industry with more demands for nutritional, performance and protein drinks, collectively known as functional beverages and this new segment of the beverage industry is growing at a rapid pace.
Earlier researchs shows that iced drinks are gaining more popularity than soda drinks. Like tea and coffee in iced versions, lemonade in different flavors like strawberry, raspberry, peach etc., adoption of pure cane sugar than regular white sugar.

Regular soft drinks shows a serious decline in the last few years and it has been replaced by seasonal fruit drinks and fruit based sweetener instead of artificial sweetener in the drinks. Even the regular classic hits like lemonade are witnessing the infusion with seasonal fruits like mangoes, strawberries, peach, watermelon etc. This decline in soda drinks is leading to more innovative and flavored drinks in the markets. People are not only looking to please their taste buds but also conscious about their health.

Innovations in functional drinks and its health implications must go hand in hand. Purpose of this research is to study the purchasing patterns of the consumers of functional drinks due to evolving trends in packaging and processing of ingredients to extract more benefits. Earlier research shows a lot of potential and future prospects in terms of innovations and growing popularity in convenient functional drinks and its real health benefits which should be a combined effort of producers, distributors and consumers. Still there is need to focus and study more on the awareness of the benefits claimed by these innovative functional drinks. This research will help giving a broader understanding of the benefits related to the health and wellness coming from functional beverages.

II. Objectives

The objectives of the present study are:
1. To analyze the present scenario of drinks market.
2. To identify the driving force leading to purchase of functional beverages.

III. Discussion and Outcome

Awareness in Existing Market of Functional Beverage Consumer’s

Another facet of this industry is to study and understand in parallel with is the awareness level of the consumers along with new trends and innovation. Awareness on the utility of the ingredients and final products in which they are incorporated is found lacking in the end product users. For example, caffeine, how does it affect our body and in what percentage it is present in your drink. It is important to have knowledge of the ingredients because some of them are suitable for every age group and may cause adverse effects on the health and wellness of the person (Olivo, 2015).

The consumption of Food and Beverage is directly related to the prevention and treatment of many diseases. For the reason, functional food and beverage are gaining the popularity because they provide more than just nutrition. However, in most cases, specific concerns have been raised over their safety. Based on consumer’s specific needs and the emerging trends in functional beverage industry, soon market will witness new range of products using natural flavors and other ingredients to produce functional non-alcoholic beverages (Levy & Tapsell, 2007). Thus, this research will focus on the new developments in the evolving landscape of functional beverages as well as on the possible health benefits related to their consumption.

There is no question that the ground is shifting in the beverage market. It will be interesting to know who hold the future in the beverage bill of fare.

Driving Forces Shifting Buying Behaviour

* Globalization
* Growth Categories
* Awareness
* Health Implications
* Marketing Techniques
* New Innovations
* Packaging Styles

Globalization – New trend is globally local. Many of the ingredients and their uses were known in the less explored and rural areas but now their importance has been realised and the focus is shifting from carbonated drinks to drinks infused with herbal ingredients. Companies are researching and developing products keeping its novelty and uniqueness as a strategy to survive in the market.

1) Impact of Globalization: The increasing urbanization of Indian population has led to westernization of Indian culture. Indian population is exposed to western lifestyles, through travels and media and that changes their attitude towards convenient food and beverage.

2) Growing youth population: The youth population of India has different needs and demands. They try new things and wish to live luxury life. They have different taste and preferences as compared to traditional Indian culture.

3) Changed Perception: Awareness of health and wellness has significantly impacted the growth of food and beverage industry. Several new categories are gaining the market share like plant based drinks – coconut, maple, aloe vera and cactus water.
4) Digitalisation: More and more access to the internet making the consumer aware of the product and its services. Access to the plentiful data available on the internet makes it easier for the consumer to do the research before making purchase decisions.

**Growth categories** – Fresh fruit juices are considered are always considered refreshing and nutritious in all age groups. Trends in the market is to provide customers packed fruit juices without any added colors and preservatives, non-sweetened and at times mixed with different vegetables and fruits to enrich them with vitamins, minerals and fiber content. Not just that, new technology like cold pressing and high pressure processing (HPP) technology increasing their self life and keeping them fresh (Nicole Fry, 2015). Other categories are hydration drinks, prebiotics and probiotics and tea or coffee based functional drinks.

**Awareness** - Knowledge of food and beverage consumption patterns serves a number of purposes in determining the health of both the economy and the population at large. Market trends indicate opportunities for business, and the protection of public health demands knowledge of dietary intake patterns to inform program direction and regulatory activity. Buyers are becoming more intelligent and interested in knowing not just the ingredients but the process of manufacturing as well. Earlier consumers read the nutrition label to check the calorie and fat content but now they read the label to know how the ingredients have been processed and the whether the simplicity of the ingredients is kept or denatured.

**Health Implications** – Undoubtedly, in today’s time commitment to profession is taking away the freedom and time to relax. Pressure is building up from young age to perform and prove in the society. This rat race has hazardous impact on the health and wellness. A totally changed lifestyle with lesser space and commitment to physical exercise and living in an environment where air and water is polluted and food is adulterated increasing the risk to danger levels. This is a driver for the health and wellness products conveniently available in the market. Market is flooded with convenience food and beverage products and high income in metro cities is further promoting the purchase of these products. High medical expenditure is another reason people are cautious to take healthy diet and to avoid expenses in cure of diseases. Functional beverages are taking priority above its nutritional value. Drinks are suggested to consumers as a health supplement and benefit the consumer’s deficit in certain vitamins, minerals or other nutrients required for the body.

**Marketing Techniques** – The functional drink industry is marked by severe competition and declining demand for carbonates. Major companies in the industry are sustaining positions because of the replacement choices replacing “bad-for-you beverages with good-for-you or healthy choices” which is strength of these companies product branding and advertising strategies (Nicole Fry, 2015). Creativity in marketing with innovative packaging styles, endorsement campaign, affordable pricing are used to target specific market zones and with its expansion generating more and more revenue. Sensory evaluation of these beverages including colour, odour, flavor, sweetness plays an important role in the buying behavior of the consumer. Due to the competition and arising demands, promotion of products showing a direct link between diet and health appeals to the customers because of their busy schedules and less exercise.

E-commerce market is contributing in further expanding its reach to the city consumers who are more aware and health conscious. Removal of mediators is beneficial for the sellers and consumers further reducing the buyer’s price cost. Secondly, it is helping generating the direct feedback from the knowledgeable consumers and customizing the products as per their requirement.

**New innovations in usage of ingredients** – In an attempt to identify new ingredients and its properties, extraction from natural ingredients and use of by-products enhance the value of ultimate product. Now-a-days, many functional beverages are coming in the market using skins and zest to extract the essential oils and flavors along with fibers and nutrition present in the fruits, vegetables and herbs. The plum skin extract could be preserved through drying or concentrating to provide a functional ingredient, not only for plum nectars but also for other functional non-alcoholic beverages by infusing them with other fruit juices and flavored teas or coffee drinks (Corbo, 2014). Scientists are rigorously working aiming to extract the benefits from the raw materials. Studies show development of new biotechnological resources (xylanolytic enzymes and lactic acid bacteria (LAB)) to explore the properties of non-alcoholic beverages from fermented cereals. It resulted in more acceptability of fermented beverages by lactic acid bacteria than yeast fermented beverages due to its novel and more beneficial production of non-alcoholic beverages (De Beer D, 2012). Further, the antimicrobial effect of LAB for the production of cereal based non-alcoholic beverages in recent years has increased the potential to enhance the safety and provides new opportunities for functional beverages (Loreta Basinskienel, 2016)
Packaging – Increasing demand for beverages further pressuring the packaging market to do innovations. Beverages are packaged in different styles like cans, bottles, pouches, cartons and others. Materials used in packaging are glass, plastic, paperboard, metal and other like wood or plastic films. The new concept of on-the-go products is pushing the packaging industry to do more innovations in the beverage industry. While designing the caps and body of the containers, its ease to use, eye appeal, safety of the drink and its storage needs to be kept in mind. New technology is taking us forward in every direction of life then no question that why not packaging industry. Urban population and other factors like improved spending power and awareness on health and wellness compelling the beverage industry to generate new technology which is convenient to use and has increased shelf life without compromising on the nutritional value of the product. New designs of caps and closures providing ease of opening the bottles or cans anywhere and anytime, is being used by the beverage makers as a marketing strategy to survive in the continuously evolving landscape of beverages (Buono, 2017).

IV. Globally Changing Trends in the Consumption of Functional Beverages

Research studies shows shifting in the ground from Carbonated Soft Drinks to non-sweetened beverages and every single year this gap is widening up. The preference is to use of local ingredients in their natural form for sweetening, like use of cane sugar juice instead of artificial sweeteners in the final product. Difference between the smart consumer and the traditional informed consumer is that the informed consumer read the label to know the nutritional value and other contents in the drink but the smart consumer study the complexity of the ingredients and their role and processing in the product. As Fig.1 shows now people are choosing functional beverages over refreshment drinks due to their increased awareness and thanks to internet where data is readily available regarding these beverages assisting them in making their purchase decisions (Nicole Fry, 2015).

Understanding the importance of beverage consumption habits at an early age draw a link with the choice of beverages consumed in the adult age and how it affects the health. Research shows that children who do not take milk in the childhood are less likely to have it later and their intake of soda beverages are more (Quann, 2012). Lower intake of milk and fruit juices have a great impact on the health of these children and they do not meet the daily nutrition requirements of the body necessary for the healthy growth of the bones and other parts of the body. Patterns of beverage intake from infancy contribute a lot in developing the taste and habits in adolescence (Birch L, 2007).

Nielsen sales data shows significant growth in the category of functional beverages and juices. They are considered the fastest growing subcategories of the beverage market. In the year 2015 functional drinks are growing at 6.9% and juice is growing at 4.4% compared to last year in China. One of the main reason of these shift in purchasing patterns is the rise of health focused products and concepts. According to the reports it is forecasted that beverages offering additional benefit and juices offering similar qualities with natural alternative will continue to gain demand. The increased spending power of consumers is creating a demand of premium and niche products. Overall growth of beverage industry will continue to rise but market is witnessing changes in the subcategories from CSD to functional drinks and juices.
V. Limitations

- The study is limited due to the lesser awareness about the properties of the ingredients and their quantity in the final product (Functional Beverages).
- Lots of literature available on innovations in clinical health sciences and cultivation of useful enzymes and bacteria but little survey conducted in regard to the awareness in the field of functional non-alcoholic beverage industry.
- Lack of product differentiation.

VI. Conclusion

Based on the aforementioned health benefits and convenience of these functional beverages, we will see a notable rise in the demand of these drinks. The future of this industry depends upon more use of novel technologies and scientific evidence on health claims. Innovative ideas to appeal the customers by means of packaging, handling, and appearance will be the strategy of these functional beverage-producing companies. Stability as well as retaining the nutritional value will keep on expanding the growth of this segment of beverages.

References

- Loreta Basinskienel, G. J. (2016). Non-Alcoholic Beverages from Fermented Cereals with Increased Oligosaccharide Content. *Food technology and Biotechnology* , 36-44.