

## An empirical study on new outlook in the product development of beverages

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### Abstract

The role of food and beverage industry has increased in the recent years. Choice of beverage consumption has a vital role to play in our life. In today's stressed work culture lifestyle diseases are becoming a big concern and people are finding ways to overcome health issues. Anticipating the increased demand of health products companies are spending more than before on producing new drinks with bigger benefits to health and wellness of the consumers. The objective of this study is to examine the new products emerging in the market of beverages and the factors influencing the trends. This research will help in evaluating the new growth categories of the beverages and the areas of product development. The major factors influencing the research and development are also highlighted in this study. Thus the recognition of the new role of beverages in prevention of health damage is essential to understand for the companies.

**Keywords:** beverages, consumer, health

### Introduction

The beverage industry is a very competitive world. To survive in the world of beverages every company aims on the research and development of new products and improvements in the existing products. Awareness of the consumer's needs and their perception towards existing products will be helpful to companies as they invest in research and development operations. Different aspects of the beverages contribute in future predictions that which drink will gain momentum in the coming years. Few of the common attributes like consumers interest/need, health drinks, organic drinks, energy drinks and new segment of beverages mainly functional beverages are in the top list and capturing the attention of the beverage producers and consumers. The millennium consumer is not only interested in the functionality of the drinks but also how keen to know the processing of different ingredients. Initially beverages are meant to quench the thirst. Some drinks have properties of medicinal use and were considered good for health if consumed in a measured quantity. Beverages can be classified as alcoholic and non-alcoholic drinks. Drinks with alcohol content of between 0.5% to 75% are considered as alcoholic and less than .5% alcohol content in the drink may be classified as non-alcoholic drink. Functional beverages are the sub sector of non-alcoholic drinks. Beverages which provide more than nutrition and have function in the human body are categorized as functional beverages [1]. Liquid is an essential part of our diet and now a day's many drinks work as a substitute of a meal. Human body requirements for beverages change with weather conditions and surroundings. It is believed that drinks prepared from fruits and vegetables grown in the particular region and season are considered good for health and provide maximum nutritional value. With the changing time, consumers are preferring locally made drinks with minimum or no preservatives and added sugar

or colors. This awareness in the consumers leading to the increasing demand of more and more drinks with nutritive values retained [2, 3]. These local drinks are becoming global because of the awareness in the consumers. Similarly global brands are reaching to remote markets. Therefore it is important to study factors influencing consumer's preferences and the consumers buying behavior [4].

According to survey takers, the product attribute "natural" is on top of the list followed by latest trends like healthy, organic and energy drinks. The top ten lists also show the presence of vitamin and minerals based beverages, high protein beverages and probiotics/prebiotics collectively can be termed as functional beverages. Due to the increased awareness of the people and higher medical costs organic and natural drinks are getting more and more popular in the beverage market.

### Objectives

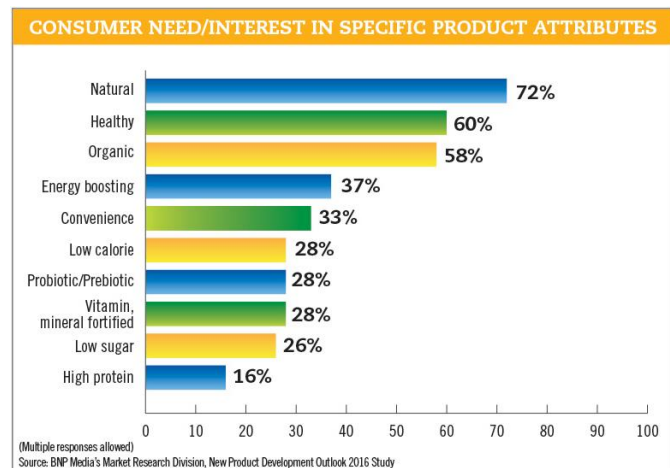
**This study shall be highlighting the findings on**

1. To identify the factors influencing the buying behavior of the consumers towards new beverages.
2. To identify the new growth categories of the beverages.
3. To suggest the areas of new market development and product development in future.

### Categories of New Product Development

According to the survey, alcoholic beverages are taking the first place with 44 percent of responding companies listing wine/beer/spirits as they are part of the new product development. Coffee/tea is at number 2 spot followed by water/juice. Energy or sports drinks are also not behind and closely chased by dairy based drinks. Growth categories to watch are super premium juices,

hydration drinks, prebiotics or probiotics and craft soda. Carbonated soft drinks are witnessing decline in their purchases and the ground is shifting towards healthier options. Consumers are demanding natural ingredients processed in simple manner preserving the nutritional benefits [5].



Adopted from (Jacobsen, 2017)

**Fig 1:** shows the changing trends in the different categories of beverages.

**Predominant Flavors**

Infusion of flavors into beverages is not a new trend but it is important to understand the liking of consumers in terms of their flavor preferences over another. Recently we have observed companies introducing flavored waters in the market. Choice of the right flavor is essential in the success of the drinks industry are making their mark in the total sales of beverages. In the last year’s survey, coffee was on top of the list of highest selling flavors followed by chocolate and fruit flavors like cherry and mango [6]. However, citrus fruits shown a decline in the liking of flavors by the consumers. In total, fruit flavors like apple, peach, coconut have increased in percentage in 2016 in comparison to 2015 and they have been preferred by the companies in the development of new products.

**Ingredients Spotlight**

Manufacturers of functional beverages are working not only in identifying new ingredients and their functional benefits but also looking to extract the benefits from byproducts of plants like using the seeds, zest and skin of plants. Choosing the right ingredient is of paramount importance because it has gel with the taste, colour and texture of the drink. There is nothing like it if these ingredients bring a chemistry and drink is naturally stable for a longer period of time without the use of artificial stabilizers and preservatives. One ingredient should not reduce the functionality of the other ingredients. Generally the ingredients used in functional drinks are vitamins, minerals, amino acids, pre/probiotics, nutraceuticals, antioxidants which are essential for the growth and maintenance of a good health. In case of deficiency of any of the earlier mentioned ingredients, it is essential to take these via different means to prevent or

cure any disease or possibility of a health issue. New trend in functional ingredients is use of natural or organic ingredients with less or no sugar and artificial colors or preservatives in the final product.

**Packaging**

Packaging industry is bringing revolution in the beverage industry where drinks are packed in different shapes, sizes, designs of cans, bottles, tetra-packs, pouches and other means. Packaging has an important role to play because their design, size or shape gives a lot of convenience to the consumers in terms of carrying, consuming and storing them. Packaging innovations are also increasing their shelf life without adding any stabilizers or preservatives. New trend in packaging industry is use of recycled or environment friendly materials as consumers are more conscious and aware of the surroundings and care of the sustainability of the environment and even do not mind paying a little extra if the packaging is environment friendly. Consumers demand for convenience in handling is pushing the packaging sector to develop unique styles which are good looking and practical when it comes to carrying, consuming or storing them.

**Impact of Globalization**

Due to the rise in disposable income and increased awareness on health and wellness, consumers demand for functional drinks is increasing. These millennial consumers have more access to the information. They are not only interested in finding the right ingredients in their drinks but also keen to know that how these ingredients are processed to make drink. Companies are exploring the functions of locally available ingredients and marketing them in global competition. That is why local products are reaching the global markers and global products are seen in the local markets. Consumers also develop a sense of perception with brands coming from a particular region or country. As these globally renowned products carry with them a legacy of consistency in delivering the promises made to the consumers. New trend is local brands with the use of natural or organic locally grown ingredients are best suitable for the human health in local weather conditions.

**Recent Products in all Categories of Beverages**

The below mentioned are few brands from different categories of beverages [10] –

- i) Tweaker energy drink – Haider Corp. introduced new energy drink in its portfolio.



- ii) Copper cross hybrid – a whiskey featuring a hybrid blend of rye and bourbon



iii) Café Vanilla and Café chai – Soylent introduced the latest flavours of ready to drink



iv) Tisane Alkaline Teas – Tisane added the ready to drink line of alkaline teas



v) RETHINK kids water – RETHINK brands introduced a boxed water line for kids.



New product development survey 2016 was conducted by BNP’s market research division. It included a systematic random sampling of the domestic circulation of beverage industry. From the above discussion, it can be concluded that beverage industry has no shortage of flavors when it comes to developing new range of products and beverage producers are coming up with new innovations in packaging and usage of ingredients.

### Conclusion

From the above discussion it can be concluded that companies are focusing more on new innovative methods and use of ingredients to produce beverages to sustain in the competition. Based on the consumer needs new products will be launched in the market. Consumer perception is changing and affecting their buying behavior due to health and other factors mentioned above. Natural products are undeniably been reported as current trend of the beverage industry. Moreover the future growth prospects of this industry seem to be

bright. Their demand is different across different cultures and across the countries.

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