

20 TREND INSIGHT 17 REPORT



Café-Inspired

TRENDS IN FOOD AND DRINK

With Millennials and Generation Z driving coffee consumption and innovation (“third wave” coffee drinks), cold brew trending as a premium ready-to-drink option, specialty tea shops on the rise, and seasonal latte flavors still causing national fervor each fall and winter, it’s clear coffee and tea flavors are extremely popular with consumers. So much so, we see these flavors popping up across categories in everything from protein shakes to oatmeal.

Let’s take a look at a variety of the café-inspired products and flavors seen on menus and store shelves today that take us beyond the office coffee pots.

COFFEE FAST FACTS

- Retail sales of coffee grew 45% from 2011-2016.
- 16% of coffee drinkers consider themselves “coffee snobs.”
- Cold brew sub-segment is estimated to have doubled in 2016 to reach \$13.6 million in sales.
- Older consumers are the most likely to drink coffee black, while younger consumers are interested in flavors and other additions.
- Increased innovation and greater emphasis on quality in coffee drinks can be seen in production and preparation methods, cross-category launches, “premiumization,” and packaging.



COFFEE FLAVOR IN FOOD

The influence of coffee on food products goes beyond the beverage segment — coffee flavored products span the spectrum. We’ve spotted 611 coffee-flavored product launches between January 2012 and December 2016.

TOP 3 SUB-CATEGORIES: % OF TOTAL/# OF LAUNCHES

1. Dairy-Based Frozen Products 13.9%/ 85
2. Non-Individually Wrapped Chocolate Pieces 12.3%/ 75
3. Sweet Biscuits/Cookies 8% /49

CONSUMERS SCREAM FOR COFFEE ICE CREAM

Dairy-based frozen products are the top sub-category when looking at coffee-flavored food items with products such as ice cream taking the lead and introducing new flavors to consumers.

COFFEE FLAVORS IN DAIRY-BASED FROZEN PRODUCTS

Espresso flavor showed growth over the past year with four launches in 2016. (There was one each in 2015 and 2014). New pairings include Dark Chocolate, Brownie and Cake.

We also saw cream flavor paired in products with flavors including vodka, bittersweet chocolate and chicory. It's a natural pairing since cream and creamers are leading ingredients consumers add to their coffee: 38% of consumers add flavored creamer and 31% add cream. Approximately one in five use unflavored nondairy creamers. Sales of cream and creamers for coffee drinks have grown over the past 5 years, bringing in more than \$5 billion.

TOP 5 COFFEE FLAVORS IN DAIRY-BASED FROZEN PRODUCTS

1. Coffee
2. Espresso
3. Mocha
4. Cappuccino
5. Latte/au Lait



Häagen-Dazs White Russian Ice Cream includes the flavors of coffee, vodka and pure cream. The special batch ice cream is kosher certified and made with 100% Canadian milk.



Häagen-Dazs Destination Series New Orleans Sweet Cream Coffee Caramel Ice Cream comprises sweet cream and coffee ice cream with thick ribbons of chicory coffee caramel.



Jonny Pops Coffee Chocolate & Cream are made with cold pressed coffee and cream and contains simple natural ingredients.



Graeter's French Pot Mocha Chocolate Chip Ice Cream is made with a proprietary blend of dark roasted Colombian and Sumatran Arabica coffee beans, mixed with fresh sweet cream and gourmet bittersweet chocolate.

PRODUCT LAUNCHES

SPOTTED AT SUKOOK COFFEE & ICE CREAM, LEWISVILLE, TX

Sukoon's Signature Frozen Coffee Drinks

Mocha or Caramel Escremo: Cold brew coffee blended with homemade ice cream, chocolate/caramel sauce, and topped with whipped cream.

NEW ORLEANS FLAVOR INSPIRATION



New Orleans famous chicory coffee has been an inspiration in the ice cream category lately. First we see Häagen-Dazs Destination Series New Orleans Sweet Cream Coffee Caramel Ice Cream (mentioned earlier) featuring sweet cream and coffee ice cream and chicory coffee caramel. Then we see New Orleans Ice Cream Co.'s Coffee & Chicory flavored ice cream.

At Wolfgang Puck's Cut Lounge in Beverly Hills you can order a "perfectly over-the-top" coffee semifreddo with chicory-coffee ice cream, dark chocolate crumbs and rye. Paula Deen offers a Nawlins Chicory Coffee recipe which is cold brew coffee mixed with ice cream, whipped heavy cream, vanilla, cinnamon and coffee liqueur. And at Creole Creamery in New Orleans you can order a Frozen Cappuccino made with a double shot of espresso and cafe au lait over vanilla ice cream served in a frosted parfait glass.



LaLoo's Cappracino Almond Fudge Goat Milk Ice Cream features espresso coffee beans with fudge swirl and almonds. This reduced fat ice cream contains 30% less fat than regular cow milk ice cream and is said to be a natural choice for those sensitive to cow milk and/or soy milk products.



Tillamook Stumptown Cold Brew Coffee Extra Creamy Ice Cream is comprised of silky-smooth ice cream blended with Stumptown Cold Brew Coffee for the ultimate coffee lover.



Ben & Jerry's Brewed to Matter Ice Cream comprises coffee ice cream with fudge chunks and a brownie batter swirl. The kosher certified product is made with non-GMO ingredients, Fairtrade cocoa, coffee, sugar and vanilla, eggs from cage-free hens, and milk and cream from happy cows.



Coolhaus Coffee Peter Cook-ies Ice Cream is described as coffee ice cream dipped in salted milk chocolate and crushed chocolate cookies. This premium quality, architecturally-inspired product is all natural, and contains no fructose corn syrup, bovine growth hormone or artificial preservatives.

NON-INDIVIDUALLY WRAPPED CHOCOLATE PIECES

The second most popular sub-category for coffee flavored food is Non-Individually Wrapped Chocolate Pieces. In 2015 there were only 8 launches in the space, a drop from the 13-21 launches recorded in the years 2012-2014. In 2016, the sub-category rebounded, posting 18 launches — the second highest number over the last 5 years. We see dark chocolate covered espresso beans and hazelnuts and treats like Colombian Cappuccino Truffles and Coffee Nut M&Ms.



Buckleberry Superfood Truffles Espresso Cacao Crunch Truffles are artisan made in small batches and said to be indulgence in its purest form. The raw and kosher certified product contains no GMO or gluten, and is suitable for vegan and paleo diets.



Essence Glacier Assorted Chocolates with Sorbet and Ice Cream Centers feature the following fillings: raspberry sorbet, coconut sorbet, passion fruit and rosemary sorbet, espresso ice cream, dark chocolate orange sorbet, banana ice cream, and black currant sorbet.

SEARCHING FOR SAVORY

We've looked at a lot of coffee flavored products so far, but what if you don't have a sweet tooth? Perhaps you're lured by coffee's dark bitterness — without the sweetness of pumpkin, caramel or cookies? Well, there are products out there for you, too!



Laguna Salt Company Kona Bean Handcrafted Sea Salt is all natural and non-GMO sea salt and coffee.



Sugarfire Smoke House Coffee BBQ Sauce has hint of rich, roasted coffee flavor, and is said to be a tantalizing original.



Naked Infusions Black Silk Espresso Salsa is made with tomatoes, jalapenos and espresso beans. It is USDA organic and contains no gluten, onions, GMO, or added sugar.

FOOD FOR THOUGHT: COFFEE AND HEALTH & WELLNESS

INTRINSIC HEALTH BENEFITS

- The U.S. government's Dietary Guideline Advisory Committee announced drinking up to five cups of coffee a day could be beneficial
- "We saw that coffee has a lot of health benefits," Tufts University Professor Miriam Nelson said. "Specifically when you're drinking more than a couple cups per day."
- "Coffee's good stuff," Tom Brenna, a member of the committee and a nutritionist at Cornell University, said. "I don't want to get into implying coffee cures cancer — nobody thinks that," he said. "But there is no evidence for increased risk, if anything, the other way around."
- The committee's report says drinking three to five daily cups of coffee is not associated with long-term health risks and actually correlates with reduced risk for heart disease and type 2 diabetes.

MAJORITY OF CONSUMERS WANT FUNCTIONALITY

About 70% of consumers want their cup of coffee to deliver additional health and wellness benefits or functionalities. Coffees that feature antioxidants, heart health, or multivitamin qualities resonate best with Millennials and Gen Xers. More than 10% of consumers are willing to pay more for coffee with these added benefits. Millennials are more likely to pay a premium than other generations, with more than 25% saying they'd pay more for functionality. Although consumers say they want functionality in their coffee, the stats show that such claims do not guarantee purchase over another coffee drink.

MEN'S MUSCLE MAGAZINE PROMOTED MIXING PROTEIN POWDER WITH COFFEE, RATHER THAN WATER OR MILK, FOR A WORKOUT ENERGY BOOST.



WHAT FUNCTIONS ARE SOUGHT AFTER?

Despite coffee's natural positioning as an energy boost, consumers are interested in coffees that can provide even greater forms of energy. In fact, energy is the top function consumers would like to see in coffee products, with 31% of consumers interested. Antioxidants, metabolism boost, heart health and immunity round out the top five. Protein makes the top-ten list, and we can see the combination of protein and coffee in two Sweet Biscuit/Cookie launches (the #3 top sub-category for coffee-flavored foods.)



SNACKWELL'S BISCUIT THINS FRENCH VANILLA LATTE BISCUITS



The biscuits are a good source of both fiber and protein and are made with real coffee and natural flavors. They feature 24g of whole grain per 44g serving. Suitable for all day-parts. Other flavors available: Dark Chocolate Mocha, Caramel Macchiato, Pumpkin Spice.

MORNING SUNSHINE KITCHEN PRO2BITES RISE & SHINE PROTEIN + PROBIOTIC COOKIE BITES



All-natural nutritional cookies with a full day's supply of probiotics and wholegrain prebiotics per serving to support a healthy immune and digestive systems. The cookie is infused with cold brewed coffee. They are high in protein, low in sugar and rich in Omega 3s.

OTHER WAYS TO DRINK YOUR COFFEE



BEER

Outside of coffee itself, beer is the top sub-category to feature coffee flavor. In beer, coffee flavor often pairs with tastes like Vanilla, Chocolate, Toffee, Walnut and Citrus. One of the most interesting new launches is Green Flash Cosmic Ristretto Baltic Porter with Espresso Beer. This toasty and smooth beer is made with roasted malts, espresso and Belgian candy sugar, giving it a rich, black appearance with bruleed edges and mocha-colored beer foam. It has a smooth espresso flavor and chocolate, coffee and sweet malt aromas.

COFFEE COCKTAILS

Of consumers who have purchased a coffee or tea beverage away from home in the past three months, 26% are interested in the option of ordering a coffee-based alcoholic drink.

- Washington DC's Westend Bistro offers a Kentucky Cold Brew cocktail, mixing bourbon cold-brew coffee, Amaro liqueur, and chocolate bitters, while Betony in New York City features The Dude, mixing bourbon, rooibos cream, cold-brew coffee, and cascara.
- The Bound lobby bar in Las Vegas hotel The Cromwell goes beyond bourbon, and features an entire menu made of espresso cocktails served in a frozen traditional Italian moka pot (stovetop coffee maker). The Keep Me Awake Bro includes Peroni beer-flavored espresso, Botran Solera rum, Galliano liqueur, honey syrup, and spices, and the Negroni Svegliato mixes Martini Gran Lusso-flavored espresso, Tanqueray No. Ten gin, and Campari.

PROTEIN/MEAL REPLACEMENT SHAKES

Continuing the idea of protein boosts in coffee, let's look at new launches in the second most popular beverage sub-category for coffee flavors: protein drinks. With only 1 coffee inspired protein/meal replacement product launched in 2015 and 14 launched in 2016, we are spotting an array of coffee flavored products in this growing category. From cold brew mocha, café mocha, caramel latte and even café au lait—consumers are able to take their café experience to the gym with them for an extra boost.



Olly Cafe Mocha Energy Smoothie Energizing Protein Blend is a naturally flavored, plant-based protein smoothie mix that provides energy boost from green coffee bean is said to be a perfect source of caffeine that provides the equivalent to a half cup of coffee.



Iconic Café au Lait Flavored Protein & Coffee Drink is naturally flavored and caffeinated. The kosher certified premium product provides 20g protein, 3g sugar and 130 calories and is made from Colombian coffee and milk from grass-fed cows.



Rumble Supershake Coffee Bean Naturally Flavored Nourishing Drink provides 20g of protein and 3000mg of omega 3. It is said to combine 22 premium ingredients, including fair trade organic coffee and whey protein.

TEA TIME

Expensive third-wave tea drinks are trending alongside coffee ones, and the Tea Association of the USA predicts tea sales will double in the next five years. About 42% of Americans under age 30 prefer to drink tea over coffee, and 27% of Millennials (ages 25-39) drink tea and never coffee.

Health and wellness might be the biggest driver for increased tea consumption. Eric Pfeiffer of RYOT says the evidence suggests the surge of tea popularity is part of a growing health consciousness, citing the fastest growing segments of tea sales as those with reported health benefits: green tea and artisan blends like oolong and white tea.

TEA FLAVORS IN FOOD

Tea's popularity doesn't end in the beverage sector. We're seeing tea flavors pop up across a spectrum of categories from yogurt to snacks. Between January 2012 and December 2016, there were 183 food product launches with tea as a flavor. The year 2016 brought 67 of those launches, a 31% increase from 2015 and a whopping 180% increase from 2012.

One such launch is Vanilla Chai Quaker Oatmeal, one of the flavors in the Quaker Bring Your Best Bowl Flavor Variety Pack, containing consumer-created flavors. The creator of the Vanilla Chai flavor, Heather from Redondo Beach, CA, says: "My husband's family is from India, and I have fallen in love with chai tea with a hint of vanilla for breakfast. Why not in my oatmeal, as well?"

Chocolate Tablets hold the top spot of tea-flavored foods in large part thanks to DavidsTea. In 2016 alone, they launched nine tea flavored chocolate bars including Just Peachy, Caribbean Crush (pineapple, papaya and cranberries), Cotton Candy and Caramel Corn. The 36 total launches over the time period represents a 425% increase from 4 launches in 2012 to 21 in 2016.

TOP 5 SUB-CATEGORIES OF TEA FLAVORED FOODS

(183 total launches)

North America January 2012-December 2016

1. Chocolate Tablets 19.7%/36
2. Sweet Biscuits/Cookies 13.7%/25
3. Spoonable Yogurt 7.7%/14
4. Water-Based Frozen Desserts 7.1%/13
5. Non-Individually Wrapped Chocolate Pieces 12/6.6%

TEA FLAVORS IN ALCOHOL

Elle magazine ran an online article in the spring of 2016 highlighting 18 tea-infused cocktails including Irish Whiskey Green Tea Punch, Earl Grey Gin Cocktail, Hibiscus Tea Margarita, and Matcha Mint Julep. Husk restaurant in Charleston, SC, serves a drink called Dragoon's Punch that is a blend of black tea, rum, brandy and lemon.

After a 73% decrease in launches from 2012 to 2013, tea-flavored alcoholic beverages have been slowly (very slowly) increasing by one launch a year, with five hitting the shelves in 2016. Three were interesting flavors worth mentioning.



Crazy Uncle All Natural Craft Cocktail with Whisky, Cider & Loose Leaf Chai Tea and Honey is described as a small-batch, craft cocktails prepared with culinary sensibility. It is brewed with oak-aged Canadian whisky from the prairies, apple cider, and honey from Quebec.



Jose Cuervo Iced Teagarita Margarita & Iced Tea Alcoholic Beverage is described as the famous signature margarita, blended with Jose Cuervo tequila and premium orange liqueur, then combined with the refreshing flavor of iced tea to create the perfect cocktail experience.



Snapple Spiked Fuji Apple Tea Vodka Beverage is a limited edition product. This beverage is made from tea leaves and is naturally flavored.

FONA CAN HELP!

Let FONA's market insight and research experts translate these trends into product category ideas for your brand. They can help you with concept and flavor pipeline development, ideation, consumer studies and white space analysis to pinpoint opportunities in the market. Our flavor and product development experts are also at your service to help meet the labeling and flavor profile needs for your products to capitalize on this consumer trend. We understand how to mesh the complexities of flavor with your brand development, technical requirements and regulatory needs to deliver a complete taste solution. From concept to manufacturing, we're here every step of the way.

From concept to manufacturing, we're here every step of the way. Contact our Sales Service Department at 630.578.8600 to request a flavor sample or visit www.fona.com.

SOURCES

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