Welcome to the Millennials’ world—Are YOU in it?

It’s the Millennials’ world and everyone else is just lucky to be in it. Every food (and otherwise) manufacturer is trying to uncover just what makes the Millennial eat, shop, choose, and spend. But here’s the thing: it’s not just ONE thing that drives Millennials. They are a fascinating, powerful, and often confusing bunch whose purchasing decisions are driven not just by how much money is in their checking account. We set out to uncover what drives the Millennials’ choices when it comes to functional beverages.

A Glimpse into the Millennial Brain

Fiercely brand loyal, Millennials value **convenience** and **authenticity**. They mistrust most advertising but are more open to it if it’s viewed online. They like companies that give back and companies that interact with them on social media. Regarding food and beverage, Millennials love experimentation, hot, bold, sweet, flavors, and the more global and exotic the better. And they better be able to eat it on-the-go. Finally, Millennials are price sensitive but are willing to pay for added nutritional value or health.
Millennial’s Use of Functional Beverages

Millennials, just like other consumer groups, have health and wellness needs. Managing stress, combating fatigue, weight loss, and maintaining eye health, given their extreme use of digital tools, are among their top concerns and they look for foods and beverages with strong nutritional profiles to help them meet these health goals.¹ The belief that functional foods have the ability to replace some medications is a belief held by Millennials more than any other consumer group.² When it comes to functional beverages, Millennials are the consumer group with the highest consumption³, a statistic that shouldn’t surprise, given the fact that they put energy drinks and smoothies on the functional beverage map.

Even more interesting to note is that 57% of consumers in a recent study aged 25-34 demonstrated engagement in all segments within the functional beverage category from sports to weight loss to meal replacement.⁴ And the range of beverages consumed by the Millenial consumer is much wider than other consumer groups. Whether it is performance enhanced sports drinks, energy drinks, hot beverages like cocoa, coffee or tea, flavored milks, sparkling beverages or RTD products, Millennials are a drinking crowd.

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All in a Day’s Sport

It might be shocking but probably not surprising that Millennials may use one or more functional beverages in the course of one day. The day might start with a Muscle Milk and include a Monster energy drink to survive the mid-afternoon slump or late night study session. And no doubt a protein or sports beverage appears in between. Given Millennials’ affinity for all things functional, we’ve provided a closer look at Millennials’ specific needs when it comes to functional beverages.

Meal Replacement

Millennials are counting on functional beverages like meal replacement protein shakes and smoothies to fill in for the times that they are on-the-go. RTD smoothie drinkers, in particular love the convenience as a quick meal replacement and 22% of them drink them to satisfy hunger as well. The growth in the market is an amazing 166% since 2009. One they can try soon in the U.S. is Rumble, a favorite from Canada, featuring 3000 mg of Omega-3’s, 20g of protein and 7-8 g of fiber per bottle. It’s gluten free and is full of natural ingredients like kale, cherries and spinach. Calnaturale’s Svelte line of organic protein shakes using stevia as a sweetener with Millennial pleasing names like hello beautiful and looking good and flavors like French vanilla, chocolate, spiced chai, cappuccino also will satisfy consumers looking for meal replacement options.

Energy

Whether studying for a final or recovering after being up all night with a teething baby, Millennials and older Millennial parents have driven the energy drink market to 56% growth between 2009-2014. Sixty four percent of Millennials drink energy drinks and half drink energy shots and sometimes they might be part of the 34% of consumers who drink performance beverages outside of exercise. Look for energy drinks to capitalize on Millennials desire for natural ingredients and natural caffeine sources like yerba mate and guayusa which are on trend and starting to appear in energy drinks.

Open Up a Bottle for a Snack

When the urge to snack hits, Millennials are more open than any other consumer group to pop open a bottle of a healthy, functional beverage. Millennials often have a beverage as a snack; however, not as much as their grandparents might. Older Boomers pop open a protein shake or beverage 34% of the time compared to the 27% that a Millennial might choose a liquid snack. There is great opportunity to appeal to both of these consumer groups for the savvy beverage manufacturer.
Sports / Performance / Pre-Post Workout
Supporting and replenishing the body following a rigorous workout is the major function for performance beverages such as Gatorades and Muscle Milk. These segments are popular with the 18-24 year old Millennials who also feel that environmental benefits and sustainability are important to see on the packaging.  

Protein for Overall Health
Millennials are concerned with overall health and weight management and 33% feel that products with healthy attributes is important with 29% willing to pay a premium.  

Forty two percent of Millennials (those ages 22 to 36) say protein is important for supporting overall health. And as a result, Millennials seem to respond more to the satiety protein provides as well as the muscle benefits.

Cocktails that Pack a Punch
And lest we forget, Millennials like to socialize and bars and restaurants have incorporated the energy drinks and shots of their early college days into celebratory occasions and dining experiences. Dave and Buster's, the birthday party venue for many Millennials growing up, welcome them back once legal with the *Raging Berry Bull* that takes the power of Red Bull, vanilla vodka, lemonade and strawberry flavored ice cubes to a potent blast of berry flavor.
Foodservice Invasion

Functional beverages are oozing their way into dining establishments all over the country to satisfy Millennials and other consumers who have gotten used to having them be a part of their daily health and wellness routines. Millennials are expected to account for 30% of all restaurant visits by 2020 so satisfying this group in the coming years is going to be important for operators. And they are going to be consuming a lot of functional and specialty beverages which are expected to be responsible for 30% of all beverage growth in the coming year. Creating concepts that are tasty and functional should be a top focus.

• **Seize the Opportunity** – While consumers in fast casual restaurants drink water 32% of the time, Millennials are magnets for customizable drinks like smoothies or lemonades and would appreciate functional aspects and nutrition with natural sweeteners.

• **Millennial Moms** – Targeting not just the kids but also the moms who control the purse should be the goal of functional beverages for kids. Enter Milk Splash, creative milk flavorings to get kids to drink more milk. In mom-pleasing, non-messy pumps, flavors are applied to milk such as Cookies and Cream, Jammin’ Banana and Horchata Piñata. Their flexibility allows them to be used in protein shakes, steamers and cereal alike with the goal of getting kids to eat healthy foods they might not normally try. Mom would love this!

• **Best Fruit Forward** – Why not give restaurants the ability to customize beverages with fruity flavors? Fruit Lounge created nine flavors to give restaurants the ability to customize their beverage offerings with a healthy dose of coconut, mango, forest berries among others.

• **Smoothies** – When it comes to smoothies, Millennials are smooth customers. They want their smoothie how, when and where they want it, and for a reasonable price. Making smoothies at home is one path 44% of Millennials take to getting things their way. For those frequenting smoothie shops, 46% of Millennials value convenience while 45% prioritize price. And the health value of smoothies appeals especially to older Millennials, 25% of whom drink smoothies for the wider varieties of vitamins and nutrients.

• **Energy Goes Casual** – Energy Drinks are making their way into casual dining with their appearance in cocktail menu offerings but quick service is also seeing their beverage options getting an energy boost as well. Menu incidence of energy drinks increased 78% in restaurants between 2009-2014 with casual dining accounting for 50% of the increase most likely attributed to cocktails.

• **Sports Performance Performs** – Sports performance drinks like Gatorade have made a huge impact on QSR’s. Interactive beverage machines that allow consumers to customize flavors of sports beverages (along with sodas and waters) are assisting the 50% growth of sports beverages in QSR’s alone.
Millennials are a brand loyal bunch motivated by taste and health. With the power to influence the functional beverage category both in restaurants and at home, Millennials will continue drive the category to success with their love of sports and performance beverages, energy drinks and weight loss and protein shakes. Staying one step ahead of their fresh, natural but fun flavor preferences will challenge manufacturers for years to come.

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.

CONTACT OUR SALES SERVICE DEPARTMENT
at 630.578.8600 to request a flavor sample or visit www.fona.com.

SOURCES

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