

A close-up photograph of two glasses filled with refreshing drinks. The glass in the foreground is a tall, clear glass containing a light-colored, bubbly beverage with ice cubes, a slice of lime, and a sprig of fresh mint. The glass in the background is shorter and contains a similar drink. The background is a solid, vibrant red color. The text 'THIRSTY for Flavor' is overlaid on the image in a dark red, serif font.

THIRSTY *for* Flavor

Flavor-forward specialty-drink promotions like Mojito Madness at Joe's Crab Shack are keeping drink sales strong.

A tough economy hasn't dampened beverage sales; in fact, drink opportunities abound in every daypart

BY DR. A. ELIZABETH SLOAN

Restaurant beverage sales, historically, suffer during an economic downturn, but things are different in the drinks department this time around. These days, many consumers are substituting drinks for foods at snack occasions and specialty coffees and smoothies for the morning meal, reports market researcher NPD Group.

And snacking and breakfast fared better than other restaurant dayparts in 2008. More good news: In 2008, six beverage sectors ranked among the top 10 fastest-growing snack categories in the United States (Figure 1).

Meanwhile, as beleaguered consumers continue to treat themselves to little luxuries, indulgent specialty drinks are capturing attention. For the second year in a row, gourmet coffee and tea outlets topped the list of best-performing segments, with 219 million more visits, up 9 percent over the previous year ending September 2008, per NPD.

And there's plenty of room for growth. Technomic Inc.'s Beverage Consumer Trends Report 2008 found that half of consumers purchasing fast food didn't always order a beverage, and one-quarter bought just a beverage.

THE 2009 DRINK MIX

Over the past five years, consumers have cut back steadily on regular carbonated soft drinks (CSDs) in favor of more iced tea; bottled, flavored and enhanced waters; energy or sports drinks; and specialty coffees and teas, according to the Beverage Marketing Corporation. Total-category soft-drink volume fell 4.7 percent in 2008, per *Beverage Industry* magazine's March 2009 report, while diet-soda demand remained steady.

In general, more-distinct flavors performed better than colas last year. PepsiCo's Orange Slice brand saw double-digit growth, and Hispanic-targeted Manzanita Sol apple soda was up 23 percent.

For the year ending July 2008, NPD/CREST reports that restaurant beverage sales grew 1 percent, and while CSDs (both regular and diet) still dominate, iced tea, coffee and other beverages are closing rank. For the year ending September 2008, iced tea and specialty coffees enjoyed the largest overall restaurant gains, reports NPD/CREST.

FIGURE 1

DRINKS Dominate Snacks

Fastest-Growing Snack Foods in the U.S.

Specialty coffee

Hamburgers

Bottled water

Breakfast sandwiches

Iced tea

Breaded chicken sandwiches

Brewed coffee

Hot tea

Cakes

Shakes, malts, floats

SOURCE: NPD GROUP, 2008

Waters flavored with fruit, herbs, spices and even floral essences are flooding the market, logging 20 percent annual growth.



Low-calorie drinks of familiar favorites are growing rapidly in popularity. Gatorade's 25-calorie G2 topped Information Resources Inc.'s (IRI) Pacesetters list of the most-successful product introductions in 2008; Pepsi Max, which gives a calorie-free energy boost, ranked No. 8. *Beverage Industry* reports that Coca-Cola Zero gained 22 percent in volume last year, and Diet Pepsi Max, 64 percent.

DRINKING DEMOGRAPHICS

With restaurant visits by young adults falling off and visits by those 50 and older on fast-track growth, it's important to know the demographics of beverage users. For example, use of diet CSDs increases with age, whereas consumption of regular CSDs declines.

Adult sodas, with less sweetening and more-sophisticated flavors, are another hot trend. Ultimate Brands Inc.'s GuS (Grown-Up Soda) features flavors such as Dry Meyer Lemon. Izze and Izze-esque low-calorie sparkling juices come in Sparkling Mandarin, Sparkling Limon and others.

Mildly carbonated sodas, such as Dry Soda Co.'s line of "refined flavors," including lavender, juniper berry and lemon grass, are designed to pair with foods. Wine sodas, such as Vignette Wine Country Sodas, made with Pinot Noir and Chardonnay grapes, are other new drink directions.

Although IRI reports that unit sales of bottled water fell 1.7 percent in mass channels in 2008, water isn't down all-around. Flavored and nutrient-enhanced waters ranked No. 3 on the list of hottest non-alcoholic beverage trends for 2009 in a National

Restaurant Association (NRA) survey of American Culinary Federation (ACF) chefs (Figure 2).

According to the Hall Water Report of March 2009, sales of enhanced waters are growing at 20 percent annually. On trend here are Hint brand Essence Waters, enhanced with pomegranate-tangerine, honeydew-hibiscus, hibiscus-vanilla and cucumber flavors. Ayala's zero-calorie Herbal Waters come in lemon-verbena-geranium and clove-cardamom-cinnamon varieties.

Virginia Dare offers new floral-flavored water concepts, including orange blossom and lavender. Meanwhile, upscale chefs are creating their own signature water by flavoring highly filtered tap water.

TEA TAKES OFF

In the NRA survey, ACF chefs named specialty iced tea, such as Thai-styled or Southern sweet tea and flavored tea, as the No. 1 "hot" trend for non-alcoholic restaurant beverages for 2009; green tea ranked No. 4. The Tea Council of the USA reports that, on any given day, half of Americans drink tea, 85 percent of it iced. Children's iced-tea products, such as The Republic of Tea's Little Citizens' Herb Tea, are a new, fast-emerging opportunity.

A major flavor carrier, teas are infused with all manner of exotic herbs, spices, flowers and fruit. Not coincidentally, the number of tea drinkers has risen dramatically, at the expense of CSDs, according to NPD. While The Tea Council reports that 85 percent of tea consumed in the United States is black tea and 14 percent is green, look for white tea, red (rooibos) and uniquely blended specialty teas, such as Mighty Leaf's Chocolate Mint Truffle loose tea, to gain in popularity. Innova Market Insights reports that fruit- and flower-based teas are fast-emerging global tea trends, iced or hot.

COFFEE STAYS PERKY

Organic coffee is the No. 2 non-alcoholic hot beverage trend for 2009, cited by 63 percent of ACF chefs in the NRA survey; 44 percent named espresso or specialty coffee, earning it a No. 5 ranking. Although the National Coffee Association of USA reports that gourmet coffee was at an all-time high, with 17 percent

FIGURE 2

TOP FIVE: Tea, Coffee and Water

WHAT'S HOT IN 2009:
Nonalcoholic Beverages

- 1 Specialty iced tea (e.g. Thai-style, Southern/sweet, flavored)
- 2 Organic coffee
- 3 Flavored/enhanced water
- 4 Green tea
- 5 Espresso/specialty coffee

SOURCE: WHAT'S HOT
ACF CHEF SURVEY 2009; NRA, 2008

of adults partaking in 2008, consumers are turning to their own coffee makers as a more economical source of premium brews. As a result, both Dunkin' Donuts and Starbucks retail brands are going strong.

With McDonald's McCafe specialty coffee winning over coffee lovers along the way to their Egg McMuffins, and 7-Eleven stores launching a new gourmet Brazilian Bold coffee line, it is more important than ever for foodservice settings to offer appealing coffees at an affordable price.

Experian reports consumption of ground and whole-bean coffee increases with age, with those 55 and older significantly more likely to prefer a milder blend. Gen-Y (born between 1979 and 1995) is most inclined to order cappuccino, iced coffee, lattes, flavored coffee and espresso.

Taking a cue from the success of specialty coffees, steamers (steamed milk) are a hot new trend in the specialty-beverage arena, especially among teens and college kids. Look for skim milk, 2 percent milk and soymilk

steamers, plain or enhanced with flavored syrups, to become more popular. Steamers also create new dipping opportunities for cookies, biscuits and other fun extras.

SMOOTHIES STILL SATISFY

The \$2.3 billion smoothie segment is a favorite among the 18-to-24 age group and in the Hispanic market, with 54 percent and 47 percent, respectively, drinking smoothies within the past month, versus 31 percent of the general population, according to Mintel's Smoothies report from March 2008.

Following broader trends, lower-calorie and lower-cost smoothies will see growth, as will healthy mix-ins. Chunkier textures from fruit pieces, grains and coconut are making waves, especially in the breakfast-smoothie segment. Also on the rise is greater use of trendy bases, including green tea, nut milks, rice milks and oat milks.

Nut flavors, combinations delivering two or more servings of fruit and vegetables, and energy or health "shots" are other smoothie trends. Gender-specific smoothies are another interesting note: Planet Smoothie's Thelma & Louise for women combines strawberries and pineapple and packs 50 percent of the daily requirement of calcium and folic acid.

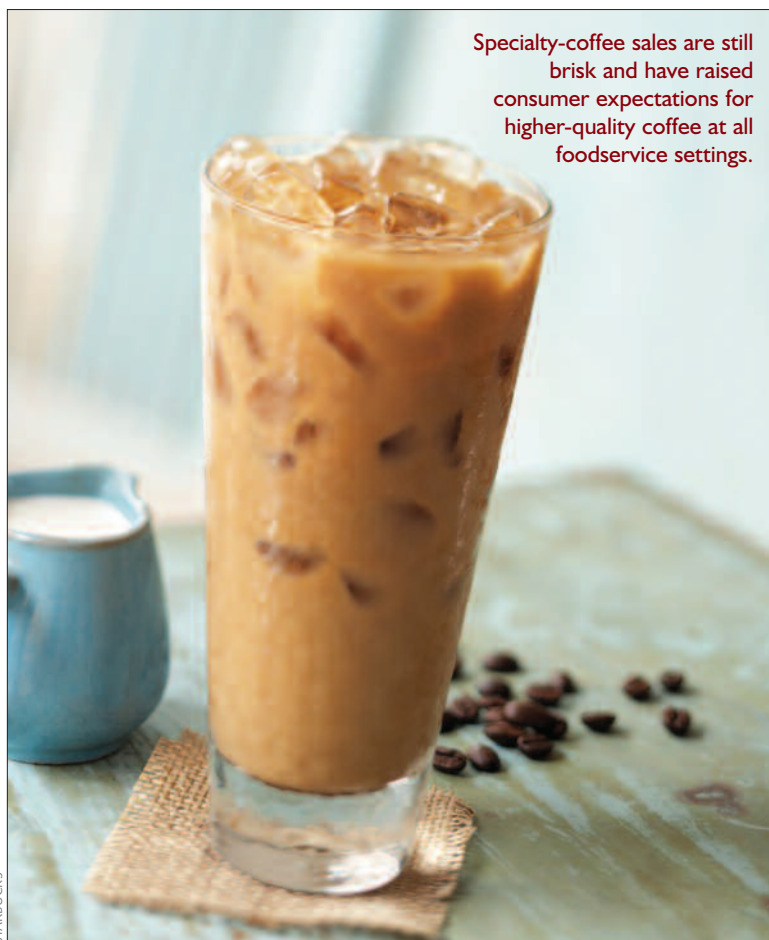
A DOSE OF HEALTH

With ACF chefs naming nutrition and health as the No. 1 culinary theme for 2009, menuing more-healthy beverage options is essential.

Calcium, antioxidants, green tea, added fiber, omega-3s, ginseng, pomegranate, soy and probiotics are the top ingredients influencing functional-beverage purchase decisions, according to Mintel's Functional Foods, May 2008. ACF chefs ranked açai, goji berry and mangosteen among the new superfruits for 2009 in NRA surveys. A Datamonitor 2008 consumer survey found that superfruit blends have the greatest appeal to young adults.

Three beverages made the 2009 top 10 list of "What's Hot In Fast Food" among quick-service operators surveyed by the NRA in October 2008. Energy beverages topped the list, with flavored/enhanced water at No. 5 and espresso/specialty coffee in 10th place.

Specialty-coffee sales are still brisk and have raised consumer expectations for higher-quality coffee at all foodservice settings.



STARBUCKS

Seasonal TWISTS

As we experience the evolution of what Len King, senior research chef at McCormick & Company, calls a “new hybrid: part bartender, part cook,” it’s useful to know how a few basics from the spice pantry can shift cocktail flavors with the seasons. Shelf-stable hard spices, aromatics and dried herbs, says King, make it easy to create infusions, add new notes to simple syrups, bring a subtle touch of flavor to muddles and develop distinctive garnishes and rimming techniques.

SPRING’S BRIGHT NOTES

Chives	Dill
Lavender	Elderflower
Peppercorns	Chamomile
Fruit-tree blossoms (orange, cherry, etc.)	

King likes floral notes with fruit, as in lavender-blueberry martinis or lavender-strawberry margaritas. For something a bit more unusual, he created a sake martini with a mélange of ground pink, green, black and white peppercorns. He suggests a nonalcoholic refresher of chamomile and other herbal teas with floral-infused simple syrups and soda water.

SUMMER ENHANCEMENTS

Smoked paprika	Chile
Basil (fresh or dried)	Peppercorns
Lemon grass	Coriander
Ginger	

King points out that heat and smokiness add extra flavor dimensions to summer drinks and suggests using chile, jalapeños and chipotle with mango and other fruity cocktails to counteract sweetness. Smoked paprika is another good choice.

He also notes that Hendrick’s gin is a great vehicle for summery aromatics and spices because it’s already infused with things like anise, coriander and juniper. Muddle it with basil and cucumber for a great mojito.

Old Bay-enhanced Bloody Marys are popular around Baltimore, says King, where the spice blend calls up summer days and crab boils. He expects this variation to spread beyond the Chesapeake Bay region. He reports that McCormick has created two infused peppercorns, Smokehouse and Worcestershire, which provide additional layers of flavor to play off traditional Bloody Mary elements.

Another summer-ready idea is to infuse blanco tequila with lemon grass and ginger or flowery and grassy elements.

FALL’S WARMING SPICES

Sage	Cinnamon
Allspice	Clove
Rosemary	Ginger
Star anise	

Thanksgiving is rich with flavor options. Many cocktails are built around pumpkin-pie spices, which pair wonderfully with

Packaged Facts’ Energy Drinks in the U.S. 2008 report projects the energy-drink segment will surpass \$9 billion by 2011.

HOW KIDS QUAFF

Recent consumer research by GfK Roper shows that 45 percent of kids aged 8 to 12 and 57 percent aged 13 to 17 visit a fast-food restaurant at least once a week. Combine that with the 37 percent of pre-teens wanting to try trendy, new beverages, and it’s clear that menuing drinks to both attract their attention and please their parents is essential.

The top beverages children aged 2 to 12 consume are, in order, unflavored milk, tap water, 100 percent juice, unflavored bottled water, fruit drinks/punch/lemonade, chocolate milk and orange juice, found a 2008 Gallup study of children’s beverage habits.

Milk tops the list of beverages that consumers find most appropriate for kids, followed by juice, according to 2008 Technomic research. Seven in 10 mothers want their children to drink more milk when dining out; nearly half think that menuing milk shows a restaurant cares about the

rum. Cinnamon, nutmeg, cloves and oranges (both fresh fruit and dried zest), are naturals in mulled wine.

Rosemary, reminiscent of turkey and stuffing, is also a nice cocktail flavor, says King, noting that mixologist Kathy Casey uses it in Lemon Drop variations, and TV personality Rachel Ray uses it with grapefruit in her vodka-based Ruby Red Cocktail.

"A great fall drink is a sazarac with sage muddled in the cocktail," says King. "You can use fresh sage or dried sage infused with homemade bitters made from vodka, celery root, sage, chile powder, lemon grass and ginger root, all cooked, strained and finished with a bit of sugar."

WINTER'S FESTIVE FLAVORS

Cinnamon	Mint
Cloves	Ginger
Chile	

Winter, notes King, is the time to pull out indulgent flavors, as in Dutch-chocolate vodka shaken with nutmeg, cinnamon and dash of black pepper. Mint is a Christmas flavor that he uses as inspiration for a mint julep-mojito, warmed up with chamomile or green tea.

Cloves, honey, tea, lemon and brandy are ideal winter choices and even offer some medicinal benefits. Classic hot toddies like hot-buttered rum put cinnamon (powder and stick), sugar, cloves and other hard spices to good use. Ginger is also a nice winter flavor, bringing to mind gingerbread and cookies. Finally, classic hot drinks, including coffee, tea and hot chocolate, all take well to a little cinnamon, which King likes to enhance with chile powder. "It adds tremendous flavor" to chile-infused rum, he notes.



Spanish-smoked paprika plays up the sweetness of agave nectar in a margarita (left), while sake, cucumber and peppercorn m lange combine with vodka for an unusual martini (right).

For a cross-seasonal tip, King says that many hard spices can easily be integrated into simple syrups, and while items like allspice, cloves, cinnamon sticks and star anise are often viewed as fall or winter flavors, he likes to pull out a hard-spice-infused simple syrup to give warm-weather sangrias unexpected flavors.

– Kathy Hayden

health of their family, according to a 2007 GfK Roper Kids Tracker report.

Gen-Y parents are the heaviest consumers of energy beverages, and the same group shows a huge interest in fortified foods and beverages, according to the Food Marketing Institute's U.S. Grocery Shopper Trends 2008 report. The older end of this group is also spawning the nation's first generation of "little foodies."

Since 34 percent of kids aged 6 to 17 are looking for exotic flavors in their snacks and beverages, according to Mintel's Kids

Snacking report from March 2008, it's not surprising that specialty beverages and "mixology for kids" is one of the fastest-growing kids' menu opportunities. At Boston's The Gourmet Pizza, kids can choose kid-friendly specialty "mocktails" like Sour Apple Soda and Strawberry Melonade as well as the traditional Shirley Temple.

THE BAR SCENE

On the grown-up side of restaurants, on-premises spirits sales slid 2.2 percent in 2008, after steadily rising for the previous six years.

FIGURE 2

Upscale Opportunities IN THE BAR

Alcohol/Cocktail HOT TRENDS for 2009

- 1 Micro-distilled/artisan liquor
- 2 Culinary cocktails (e.g. savory, customized to specific dishes)
- 3 Organic wine
- 4 Craft beer/microbrews
- 5 Specialty beer (e.g. seasonal, fruit)

SOURCE: WHAT'S HOT ACF CHEF SURVEY 2009; NRA, 2008

But there are several bright spots for the foodservice industry. Micro-distilled/artisan liquor tops the list of hot alcohol and cocktail trends for 2009, providing a unique point of differentiation for bartenders in upscale cocktails and signature drinks (Figure 3). Sales of premium rums, tequilas and American and Canadian whiskeys continued to grow through 2009, according to the Distilled Spirits Council of the United States. Flavored vodkas and rum are still popular.

With older consumers returning to restaurants and hitting the bar scene, understanding their cocktail preferences is imperative. Domestic table wines index highest for the 55-plus crowd.

Brandy and gin are also more likely to appeal to this age group. Conversely, consumers under 40 are the most likely to order imported and micro-brewed beers, as well as flavored alcoholic beverages and rum, tequila and vodka drinks.

The mixology trend continues to accelerate, with culinary cocktails and cocktail-and-food pairings receiving the latest attention. Expect the trend toward savory cocktails and culinary ingredients like herbs, fruits and vegetables to continue.

Those who don't drink alcohol can experience the cocktail hour with a rash of

new mocktails. Manhattan's Flatiron Lounge offers seasonal variations in its mocktail menu, showcasing fresh citrus juices and zests, cucumber juice, tonic water, bitters and juniper-infused simple syrup to echo the taste of gin.

Wine bars, especially those serving mini-morsels paired with wines by the glass, are enjoying brisk sales. Sweet wines seem to be gaining, while old favorites like sangria are back in style. Following the growth in all things organic, organic wine is another hot spot for 2009.

Although light beer still rules the beer segment, super-premium craft, micro-brewed, local, seasonal, fruit-flavored beers and Mexican beers are other bright spots.

DRINKING IN DESSERT

Male customers cited Olive Garden's tiramisu milkshake as the No. 2 drink they were likely to have, ranking right behind Bud Light, according to a recent survey the chain conducted. ACF chefs named drinkable desserts the No. 4 hottest dessert trend for 2009.

With dessert flights the second-hottest trend, why not feature a flight of four different drinkables themed around a common ingredient, or offer three drinkables with dramatically different colors or flavors? Dessert cocktails are another profit center; Suite Lounge in Chicago offers them in flavors like peach cobbler, key lime and banana split.

With savory desserts as the ACF's No. 5 hot dessert trend, combining sweets with herbs and spices such as basil and cilantro can create a memorable and potable meal ending, with or without alcohol.

There are plenty of reasons beverage sales aren't getting lost in the current economic slump, and flavor is first and foremost. Smart operators will keep pouring it on. ☺

TAKE-AWAY TIPS

CUT CALORIES: Be sure there are several low- or no-calorie beverage options, be they diet sodas, iced tea, flavored waters or energy drinks

GROW UP: Cater to the fast-growing over-50 market with adult sodas featuring less-sweet and more sophisticated flavors

KEY IN TO THE CALENDAR: Every season has its own special flavors, found in produce, herbs and spices, all of which can be put to good use in timely drinks, hot or cold, with or without alcohol

RAISE THE BAR: Stock artisan liquors, premium rums, tequila and whiskeys and flavored vodkas for upscale cocktails and signature drinks



NATIONAL STARCH

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