

Beverages with Probiotic Benefits



Growing health-consciousness drives market demand





Consumers are more health-conscious than ever before and their needs are evolving. They are interested in an increasingly wide range of benefits, including stress relief, energy, mood, immunity and gut health. Meanwhile, deepening understanding of the relationship between the microbiome and the immune system and the brain is driving research, product development and consumer interest in gut health, and probiotics in particular. As a result, the probiotic market has grown considerably in response.¹

At the same time, consumers seek products that they associate with offering a convenient nutritional boost. Formulating functional beverages with ingredients like probiotics can help manufacturers meet consumer demand for holistic nutrition in a convenient format.

In the last year, each major beverage category has gone through its own functional revolution, and products fortified with probiotics are among the fastest-growing offerings in today's beverage market.



REFRESHING BEVERAGES have been adding benefits like energy while reducing sugar.



MEAL REPLACEMENTS have expanded beyond weight management and into functional properties around protein, fiber and nutrients.



DAIRY AND ALTERNATIVE DAIRY PRODUCTS are often fortified with additions like probiotics and protein.



HOT DRINKS LIKE TEA, COFFEE AND COCOA combine their classic ability to soothe and calm with benefits for digestive health, immune health, sleep support, cognition and focus, as well as detoxification provided by functional versions of these beverages.



While growth is evident in many beverage categories, fortification claims are more prevalent in **dairy drinks**, a key opportunity in several regions across the globe. **74%** of dairy beverage launches around the world carried functional claims in the last year, up 6% from the previous year (2020 vs 2019).³

^{1,2} FMCG Gurus: Probiotics in 2021, March 2021

³ Innova Trends Insider: Functional Beverages: Health Now and in the Future, 2021



Probiotic beverages offer personalized solutions for consumers seeking clean, lifestyle and nutritional products for their individual needs, creating opportunities for manufacturers to customize benefits for specific needs.

This white paper explores the new ways consumers are incorporating functional beverages into their diets. It provides insights into:



Key category and regional trends in this evolving market, and their impact on development opportunities for functional beverages



Opportunities to create functional beverages that meet consumers' diverse wellness needs



The particular potential of probiotics in functional beverages

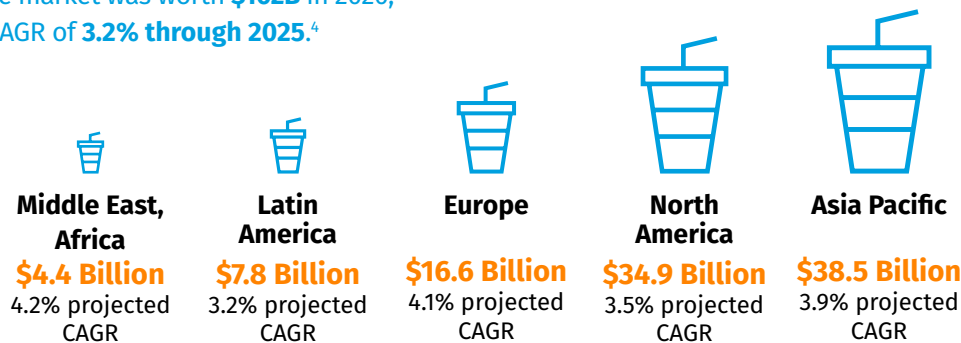


Meeting consumer demand for innovative beverages

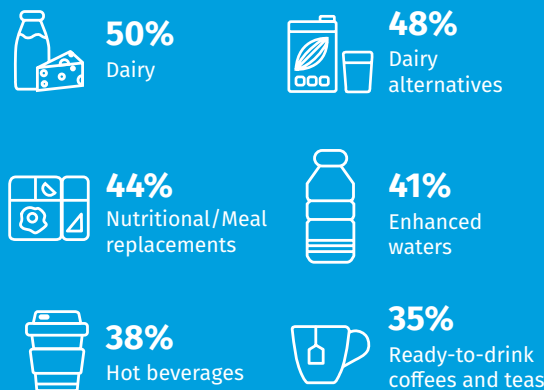
As the global beverage market evolves with consumer demand, beverage categories have undergone a functional revolution. Across categories, including dairy and alternative dairy products, energy drinks, wellness shots, and functional coffees and teas, the market for beverages with benefits has grown substantially over the last several years.

The global functional beverage market was worth **\$102B** in 2020, and growth is predicted at a CAGR of **3.2% through 2025**.⁴

Global Functional Beverage Market Growth⁵



Kerry's 2021 global consumer research notes that **65% of consumers have either used or considered products that provide digestive health benefits**, indicating strong market potential for probiotic applications across categories. Kerry's research identified top beverage categories, based on the percentage of consumers who have bought in the category in the last 6 months and who would also be interested in purchasing if they contained ingredients which promoted digestive health benefits.⁶



^{4,5} Euromonitor Passport, 2020

⁶ Kerry Global Consumer Research, Digestive & Immune Health, 2021



Market Trends

Key Trend: Personalization

Demand for customized benefits that meet the needs of individual consumers is gaining global momentum.⁷ Current figures show that 63% of consumers say they are interested in customized beverages that meet their individual needs.⁸ Personalization can encompass many formats and types of products, including beverages for specific consumer groups.

Nutritional beverages - Once seen as meal replacements, this category now serves a variety of need states, including those associated with BC30™, including digestive, immune health, and more.



Sports beverages - Similarly, sports drinks that aid in performance and provide post-workout benefits are now being formulated with probiotics like BC30, which may also provide support for muscle recovery.

Shots, with customized benefits, like support for digestive and immune health, are growing to meet evolving consumer demands as well.



⁷ Innova Trends Insider: Functional Beverages: Health Now and in the Future, 2021

⁸ FMCG Gurus: Consumer Insights, 2020



Key Trend: Growth of Probiotics and Protein in Dairy and Alternative Dairy Beverages

Dairy milk is an especially strong category in Europe and Asia Pacific regions. Europe, with a 49% share, is the top global market for dairy category launches over the last year, while Asia accounts for a third (36%) of global milk launches.⁹ **As well, recent global launches of dairy and alternative dairy beverages account for more than a third of functional beverage launches.**¹⁰

Two of the most on-trend ingredients in functional dairy beverages are **protein and probiotics**.¹² Although alternative dairy drinks are associated with both health and ‘clean eating’, they sometimes suffer from a perception that they lack nutritional value. An inherent benefit of dairy drinks, added protein fortification in alternative dairy drinks is a benefit consumers increasingly seek. As well, adding probiotic ingredients can provide benefits such as support for digestive health and protein absorption.



High/source of protein is a common claim for functional beverages in all regions, accounting for a quarter of functional beverages globally. Consumers in **Asia Pacific** cited this claim as the top one they sought for functional beverages, while consumers in **Europe** ranked probiotic benefits as their top claim.¹³

In **Asia Pacific, Middle East and Africa regions**, dairy beverages with a claim of being a source of protein accounted for more than a quarter (**27%**) of total regional functional drinks launches. In **Europe**, protein claims in alternative dairy beverages accounted for 20% of total launches, and 45% in Asia-Pacific, Middle East and Africa.

To enhance alternative dairy's reputation with consumers as a healthy choice, adding probiotic ingredients can help provide additional healthy benefits, like support for digestive health, immune health, and protein absorption. Kerry's 2021 consumer research found that **60%** of those who use dairy category products would be interested in buying a product fortified with BC30™.¹⁴

^{9, 10} Innova Market Insights, 2021

^{11, 13} Innova Trends Insider: Functional Beverages: Health Now and in the Future, 2021

¹² Innova Market Insights, Category Review, 2021

¹⁴ Kerry Global Consumer Research, Digestive & Immune Health, 2021



Key Trend: The Functional Coffee (and Tea) House

The current \$15.1 billion USD global coffee category is **projected to grow through 2024 at 22.7 percent to \$18.5B USD (4.2 CAGR, 2021-2024)**, driven by convenient formats like coffee mixes, instant and ready-to-drink coffees, as well as stick packs.¹⁵ While these products are commonly purchased in convenience or other stores, they're becoming a staple at traditional coffeehouse-type outlets too. Kerry's global consumer research found that more than a third of consumers who have bought hot beverages or ready-to-drink coffees and teas in the last 6 months would also be interested in purchasing these products if they contained ingredients which promoted digestive health benefits.¹⁶



While coffee and teas with functional ingredients that provide healthful benefits have been expanding globally, North America and Latin America are particularly strong regions for these beverages.¹⁷ Probiotics are a growing claim in hot beverages like coffee, tea and cocoa in Latin America and North America, encompassing 37% of all launches in both regions in 2020.¹⁸



In North America, positionings like vegan, no additives/preservatives, energy/alertness, and antioxidants are increasingly common in coffee launches, creating opportunities for formulation with functional ingredients like probiotics. Successful product formulations include coffee 'boosters' with functional ingredients like probiotics, popularly sold in coffee shops and convenience outlets.

^{15,17} Beverage Industry, Convenience trends help drive coffee market, September 13, 2019

¹⁶ Kerry Global Consumer Research, Digestive & Immune Health, 2021

¹⁸ Innova Market Insights, 2020



Benefit by formulating with BC30™

BC30 (*Bacillus coagulans* GBI-30, 6086), Kerry's science-backed probiotic ingredient, can help manufacturers create the innovative food and beverage products consumers want, with benefits they can understand. BC30 is a spore-forming probiotic, and unlike traditional vegetative strains it stands up to a range of environmental conditions. This resiliency makes it suitable for a variety of food and beverage applications, including dairy, functional beverages, refrigerated and shelf-stable applications like hot and cold beverages and beverage mixes, as well as cereal bars and snacks.



In an expanding market where claims are increasingly important, supporting a product's benefits by formulating with research-backed ingredients is the best way to establish consumer trust. In fact, three quarters of global consumers who purchase probiotics say that science-based claims are important when choosing products.¹⁹

Backed by over 25 published papers, research shows that BC30 can help support digestive health, immune health and protein absorption. What's more, Kerry's 2021 Global Consumer Research showed that 95% of global consumers found the description for BC30 believable.²⁰

Want to know more? [Contact us.](#)

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¹⁹ FMCG Gurus: Probiotics in 2021, March 2021

²⁰ Kerry Global Consumer Research, Digestive and Immune Health, 2021