

## Consumer Perception And Future Growth Prospects Of Functional Drinks: A Case Study On Consumers Of Delhi-NCR

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### Abstract

The choice of food and beverage products has an important function in today's stressed lifestyle. Anticipating the health related issues; consumers demand for healthy food and drinks has increased tremendously. Food and beverage products are experience products. Therefore it is important to understand the consumer experience when companies try to sell these products. Functional Food and Beverage products are meant to provide some benefits or the other as per the need of the consumer. It is fundamental to understand the consumer experience to have better awareness of the consumer satisfaction level and acceptance of these products available in the market. This study will use one main variable which is consumer perception. Consumer perception include sub variables such perceived product, price, place and promotion and future trends include sub variable such as innovation, convenience of handling, health and wellness, ease of access. The objective of this study is to examine the consumer perception in the market and the factors influencing these trends. It may help the organizations in building future strategies and target market to acquire further share in the competition. Consumer experience is a combination of emotions, thoughts and experience that consumers put in place when they buy and consume the products. This research will highlight the future growth categories of the functional beverage products and the innovations in the development of these products. The millennium consumer is not only interested in taste and presentation of the food and drinks but also keen to know how the ingredients are processed to make the final product. Understanding the concept of heritage and innovation, local and global will help the beverage companies in creating an impact. I hope this study will be helpful to evaluate the consumer perception towards functional drinks and how it is going to impact the future growth strategies of functional beverage industry.

**Keywords:** *Functional beverage, perception, food and beverage industry, consumer, trend.*

### I. INTRODUCTION

*What are Functional Foods-* In the history section, the authors state that “*the concept of functional food was first introduced in Japan in the mid-1980s for foods containing ingredients with functions for health...“foods which are expected to have certain health benefits, and have been licensed to bear a label claiming that a person using them for specified health use may expect to obtain the health use through the consumption thereof.”*

Functional foods in the **United States** are defined as “*foods and food components that provide a health benefit beyond basic nutrition.*”

Whereas in Europe, “*a food product can only be considered functional if together with the basic nutritional impact it has beneficial effects on one or more functions of the human organism thus either improving the general and physical conditions or/and decreasing the risk of the evolution of diseases*’.

Food and beverage products and services are very various ones. Fresh products are those which produced and consumed immediately and packaged products which have long shelf life. Similarly there are products and services which are consumed locally and others which have global significance. Study about food and beverage products highlights different products and businesses and their differences.

Indian food industry is no different from western countries as far as change in buying pattern and choice for healthy products by the consumers. The impact of urbanization and increasing demand for healthy food and beverage products pushing this market further to achieve new heights in this particular segment of the food industry. Ayurveda forms the basis of functional food and beverage market in India. But still there is a long way to go for Indian Functional Food market. Influenced from western culture, Indian middle class adopting their eating habits and lifestyle are facing the difficulties in maintaining a good health. Therefore it has created a demand of healthy food and beverage products and an opportunity for the companies offering these products (CM Hasler 2009).

## **II. OBJECTIVES OF THE STUDY**

1. To study the evolving trends in the field of functional food and beverage industry.
2. To identify the barriers for consumers to reach functional food and beverages.
3. To study the consumers perception in regard to functional food and beverage products.

## **III. RESEARCH METHODOLOGY**

This research is based on the data from secondary resources and does not involve primary data collection. Exploratory research technique is used to gain the background information and to study the recent trends in the field of functional food and beverage industry. Review of the literature available online or offline is explored to get an understanding of the growth drivers and latest trends in this particular segment of food and beverage industry.

## **IV. DISCUSSIONS AND OUTCOMES**

### **KEY TRENDS IN FUNCTIONAL FOOD AND BEVERAGES**

One of the most dominant factors in the category of healthy food and beverage market is the usage of naturally functional ingredients. It's the main catalyst behind most of the innovations from plant based products to dairy products to many more healthy options. American Dietetic Association n, in 2009, mentioned in research paper functional foods may be defined as foods help in reducing the disease risk or promote health benefit (CM Hasler 2009). Similarly Institute of Medicine, Food and Nutrition Board classified functional foods as any food containing health benefits beyond nutritional value (Hasler 1998). Therefore it can be assumed that consumption of functional food and beverage is directly related to prevention of diseases or reducing the adverse affect on health. Some of the key drivers of the increasing popularity of these products are-

*Globalization* – Due to globalization local products or ingredients are exposed in the international market and therefore came into the limelight claiming the hidden benefits. Similarly global products are reaching in the remote areas. The young generation of India is more experimenting and trying new things because of their increased access to information and their changing attitude towards conventional food and beverage products (Narender Suhag 2017).

*Health and Wellness* – Health benefits is one of the major catalyst behind the fast growth of functional food products and reasons why they are replacing the conventional products. Due to stressed lifestyle and high risk of lifestyle related diseases consumers are more concerned about what they consume and how they are beneficial in their overall health and wellness.

*Marketing Strategies* – Most of the manufacturers of these products are marketing them as “good for you” products replacing “bad for you”. Sensory evaluation including colour, flavour, odour, sweetness plays an important role in making a buying decision by the consumers. Creativity in marketing and innovative techniques is making them more and more popular in the consumers.

*Knowledge* – Millennium consumers is smart and interested in not only knowing the list of ingredients but how they are processed to make the final product. Use of internet and access to information is helping both the companies and consumers in understanding what exactly consumers are looking for and how to meet their increased demand for healthy products.

*Innovation* – The survival of this industry lies on its novelty and new innovations in the field of organic food and beverage products. In pursue of new ingredients and its properties, extracting benefits from by-products is enhancing the ultimate value of the product. New techniques like antimicrobial effect of lactic acid bacteria (LAB) in the production of cereal based non-alcoholic beverages in recent past has increased the potential to enhance the safety and provides new opportunities for functional beverages(Loreta 2016). Figure 1. shows how consumers prefer functional beverages over carbonated beverages due to their increased knowledge and awareness regarding these beverages assisting them in making their purchase decisions(Nicole Fry 2015).

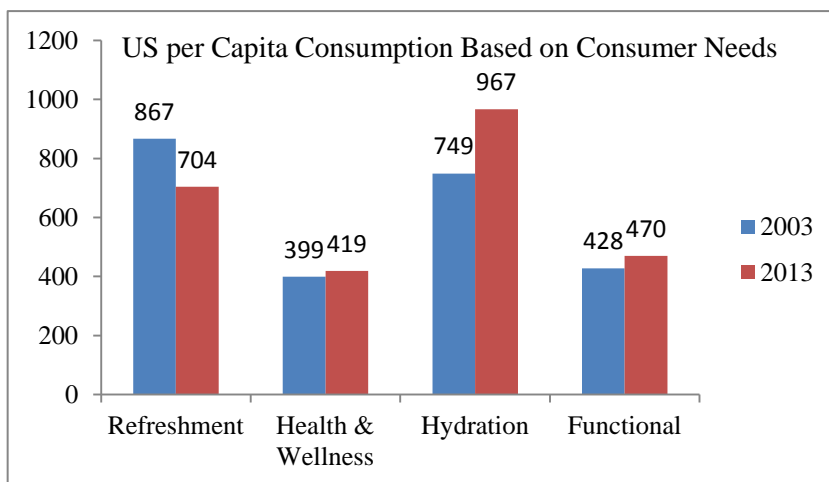


Figure 1 Shift in the consumption of non-alcoholic beverages from CSD to functional beverages

**BARRIERS FOR PEOPLE TO REACH FUNCTIONAL FOODS AND BEVERAGES**

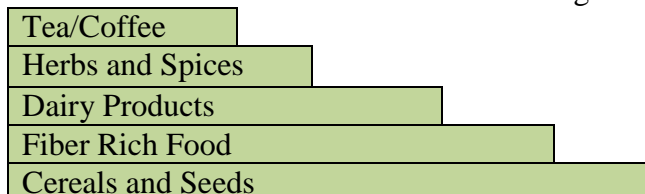
In this section what we tried to assess was the difficulties consumers come across when buying functional foods. The mostly considered hindrance was that functional foods do not taste good. Mismatching with the life style & the packaging method of functional foods were among the least affected barriers(Zoysal 2014).

Reasons why natural foods are not preferred over artificial foods in the order of most to least affected hindrances-

1. First response from the consumers was that artificial foods taste better than functional foods.
2. Poor knowledge on the processing and manufacturing of these foods.
3. Their presentation is not eye appealing.
4. Not easily available in the market.
5. Confusion over their benefits and side effects if any.
6. Do not suit to your lifestyle.
7. Packaging is not liked by many of the consumers.
8. A perception that natural foods are more expensive than artificial foods.

**PERCEPTION OVER THE FOODS WITH FUNCTIONAL VALUE**

In earlier studies it is shown that vegetables and fruits are given preference over dairy products/tea or coffee. Respondents were given a list of foods and were asked about foods providing functional benefits. The results were summarized in the Figure 2.

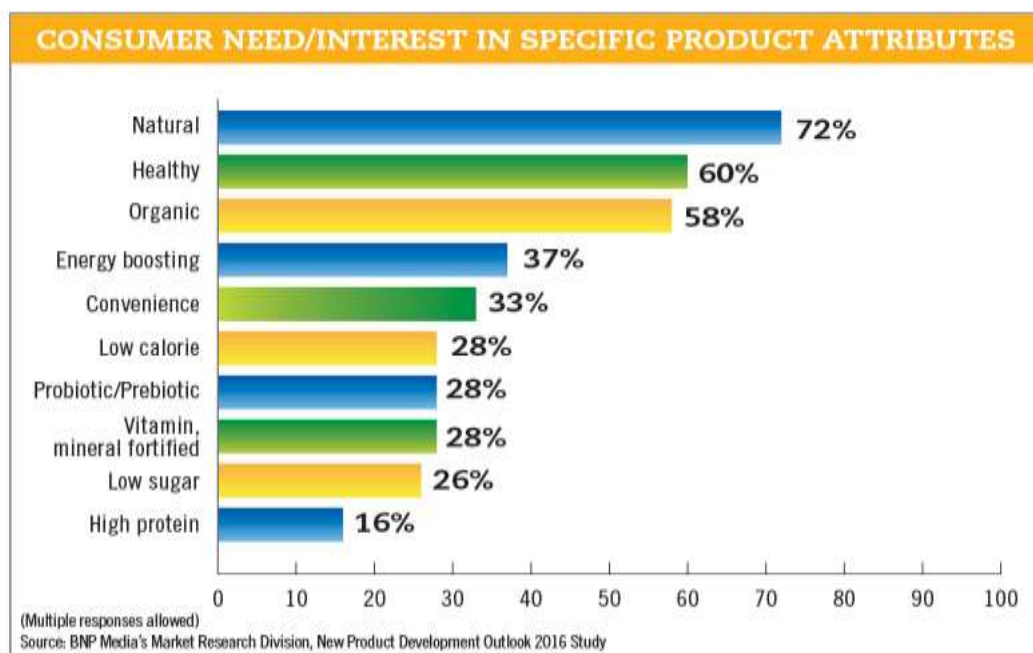


Green leaves
Fruits
Vegetables

The reason behind choosing functional foods was “they have a great positive impact on the health of the consumers” and for the same reason they are preferred by the consumers most often. Other mentioned reasons for buying functional foods and beverages were less use of chemicals and natural taste of the ingredients used in the final product(Zoysal 2014).

**NEW PRODUCT DEVELOPMENT CATEGORIES**

According to the survey, it becomes clear that the ground is shifting from chemically processed food and drinks to natural or organic products. Buyers are demanding natural ingredients processed in simpler manner to preserve the natural benefits. Infusion of flavor in food and drink is not a new trend but linking them with the consumers liking is helping in increasing the sales of these products. New ingredients, use of by-products and new techniques of processing and innovative styles of packaging and preserving them for longer period of time keeping their nutritional value intact is the aim of functional food and beverage manufacturers(Suhag 2017). Figure 3 shows the shift in consumer’s interest, source is BNP Media’s Market Research Division, New Product Development Outlook 2016 study (Jacobsen 2016).



**FUNCTIONAL FOOD AND BEVERAGE MARKET IN INDIAN CONTEXT**

In India, Multi National Companies like Nestle, Danone, Unilever, Yakult, Pepsico, Kellogg are providing functional products like probiotic yogurt/dahi, energy drinks, breakfast cereals, confectionery snacks etc. National category leaders in this segment are Amul, Dabur, ITC, Britannia making dairy products, fruit juices and biscuits (Manish Sharma 2013). One of the fast growing company is Patanjali offering a wide variety of products already occupying space in the market shelves with their typical marketing “organic products”. Growth of Patanjali shows that there is a huge potential in the Indian market for Functional Food and Beverage products. The Indian functional food market is fragmented and consists of 6 main actors as presented in Table 1.

Main Actors	Companies	Functional products/Ingredients
Multinational Companies	Nestle, Danone, Unilever, Kellogg, Pepsico, Yakult	Probiotic Yogurt/Dahi, Snacks, Energy drinks, Breakfast cereals, Confectionery
Pharmaceutical and/or dietary products producing companies	GSK, Amway, Ranbaxy	Malted Food, Supplements, Fortified products
National category leaders	Amul, Dabur, ITC, Britannia	Dairy products, fruits and vegetable juices, biscuits
SMEs of food industry	Heritage food, Ruchi soya, Mother Dairy	Soya Milk, Dairy, Oils
Retail Companies	Reliance Wellness, Apollo, Patanjali	Sweetners, Cereals, Energy drinks, Ayurvedic and Herbal products
Supplier of functional ingredient	Chr Hansen, Orana, Danisco	Cultures, Enzymes, Natural Colours

*Table 1. Major Functional Foods Segments (Adapted from Menrad, 2003)*

## V. LIMITATIONS

One major limitation in the study was lack of research papers or articles on functional foods and markets in Indian context. In order to overcome this limitation, reports of online surveys, shifts in the purchasing patterns in International market and consulting reports have been referred.

## VI. CONCLUSION

Based on the earlier studies results and surveys, it can be suggested that the knowledge on nutrition among people is not up to a desired level. India is witnessing a rapid shift in demographics. Due to rapid urbanization in Indian population, consumers are becoming more knowledgeable and keen to consume healthy products. Ayurveda forms the basis of many functional foods and drinks in India. Innovation and novelty is the key for future growth and sustainability of this industry.

With increased awareness and sharing of information, there is guaranteed potential in the market. Natural products shall rule the market. Consumer perception is changing and their purchase pattern is shifting from conventional foods to functional foods and drinks. It is still in the early stage of its life cycle and in future more and more companies will launch new products in the market.

Finally, it can be concluded that functional foods should be promoted among the people.

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