

Stir Things Up in the Beverage Category



Beverage sales have room to grow, and you can put some sparkle in them. Learn how paying attention to demographics can wake up your sleeping beverage sales.

Many operators look to beverages as a reliable source of both customer satisfaction and add-on sales and profits.

But with beverage consumption from foodservice remaining relatively stable since 2016, at 3.8 beverages per week, according to Technomic, what is the best way to grow the category and squeeze the most impact from the beverage menu?

By paying attention to the demographics. As the research firm details in its most recent Beverage Consumer Trend Report, younger patrons—aged 18–34, and straddling the Millennial cohort and the leading edge of Generation Z—are more avid consumers of virtually all kinds of beverages.

Note: Technomic defines Generation Z as both a younger group of 13 to 17 year-olds, who are largely still living at home, and older 18 to 25 years old. Millennials (also known as Generation Y) are aged 26–41.

Know This:

- Younger consumers (aged 18–34) purchase more beverages from foodservice than their older (35+) cohort: 4.4 beverages per week, versus 3.4
- The heaviest beverage users tend to be male Millennials, living in a large city with children aged 13–17, with a household income of \$75,000–\$100,000 a year
- Younger consumers aged 18–34 are driving the increase of destination-worthy

beverage offerings (such as milkshakes or specialty coffee signatures) with 58% in agreement that “beverage offerings are very important to me in deciding which restaurants I will visit for meals.” This compares to 43% of those 35 and older

Do This:

Take beverage offerings seriously, including them on menus, menu boards, and point-of-sale such as table tents as appropriate. Train service staff to suggest or ask about beverage choices. Consider upgrading beverages to turn them into one-of-a-kind signatures.

Better-for-You Options

Know This:

- Consumers increasingly demand healthier beverage options as they are drawn to all-natural, better-for-you offerings. As such, a balanced lineup is needed in order to meet a wide range of occasion and need states. Greater variety is also in demand, meaning unique and experiential offerings (eg, mocktails, over-the-top milkshakes, etc) will increasingly serve as destination drivers
- Sixty-eight percent of Gen Z consumers and 75% of Millennials consider healthy beverage options important. These include:
 - Noncola carbonated fountain beverages, such as iced tea or water
 - Healthier beverage options that offer lower sugar content
 - Local and craft beverages
 - Freshly squeezed juices
 - Cold brew coffee
- Parents are looking for healthier beverage options when dining with their kids; 64% of Millennials living with kids aged 12 and under and 78% of Gen Xers with children that age say that “foodservice establishments need to have healthier beverage options for kids.” Parents with kids—35% of Gen Z and 39% of Millennials—are also looking for larger-portioned beverages that can be shared by a group.

Do This:

Promote noncarbonated, lower-sugar, and clean-label beverages. Consider juices, enhanced waters, and other products with health or functional benefits. Offer such beverages, as well as specialty nonalcoholic options such as blended juice drinks in large-format sizes for sharing.

Cold Coffee Is Hot

Know This:

- Younger consumers appear to be driving the consumption of iced coffee varieties, in particular such specialties as iced blended coffee, iced cappuccino, and iced latte. In general, cold or iced coffee is now the second most-consumed coffee or tea variety, trailing only regular hot coffee

Do This:

Up the ante on cold coffee items, including iced coffee and iced specialty drinks. Make them available year-round, and always merchandise them appropriately. Accessorize with sweeteners and whiteners that resonate with consumer demand for flavor and better-for-you options.

Variety, Uniqueness, and Value

Know This:

- Offering a variety of beverage options is important, especially to younger consumers: 51% of the 18–34 set think full-service restaurants should offer greater beverage variety and 43% think limited-service restaurants should up the ante. Within the 35+ group, it's 40% and 33%, respectively
- New and unique beverages resonate with 18- to 34-year-old consumers, 44% of whom reveal that they like to try them (versus just 24% of those aged 35 and older)
- Not surprisingly, value is also more important to younger patrons with 61% saying they'd visit restaurants more often if they offered \$1 drinks, and 45% citing reduced-price nonalcohol beverages during happy hours as an incentive. This compares to 44% and 27% of older consumers, respectively
- As consumer preference shifts to larger beverage sizes, 52% of consumers aged 18–34 order medium (16 oz.) and 30% order large (24 oz.)

Do This:

Emphasize variety, including seasonal and LTO (limited-time only) offerings. Investigate new categories, such as milkshakes and smoothies, hot cocoa, flavored tea and lemonade, juice blends, mocktails, and other specialties. Bundle beverages with meals, consider discount promotions, and introduce size options.

Sources: Technomic, Beverage Consumer Trend Report (2018); Technomic, Thirsting for Innovation (2019)

The information provided is based on a general industry overview, and is not specific to your business operation. Each business is unique and decisions related to your business should be made after consultation with appropriate experts.

DID YOU KNOW?

- Nearly 90% of consumers say handcrafted drinks are more attractive than other selection¹
- Up to 65% of consumers would like to try new flavors of green tea, black tea, and lemonade²
- More than 70% of consumers prefer beverages with no artificial sweeteners or high-fructose corn syrup¹

Sources: 1. Datassential Cold Beverage Tracker (2017); 2. Givaudan Tea & Lemonade Concept Insights (2018)