

The Beverage Innovation Boom



There was a time when beverages were the most boring section of a restaurant menu: coffee, tea, soft drinks. What you got at one restaurant was almost exactly what you got at another. Those days are over. Now, differentiation in specialty coffees, teas, juices and smoothies has become a potent competitive tool to drive traffic and sales.

Research shows that the vast majority of consumers order non-alcoholic beverages from foodservice at least once a month; a quarter order one daily. A good portion of the dining public (about 20% overall, and 40% of young males) will even peruse the drink menu before deciding where to eat out. Beverages provide high profit margins relative to product cost and are easy to add to or remove from menus—making them ideal for limited-time offers featuring new or seasonal flavors that build excitement. Clearly, it's worthwhile for any operator to consider ways to sip from the well of beverage innovation.

Coffee: The Buzz

Although more consumers drink regular hot coffee than any other coffee or tea variety, a much larger share of iced and specialty coffees consumed are purchased away from home. In particular, there has been a sharp increase in away-from-home cold, iced or blended coffee purchases. Served hot or chilled, specialty coffees adapt well to seasonal flavor applications throughout the year and allow for flavor and ingredient customization.

Coffee is a pillar of the rapidly expanding and highly profitable breakfast segment. Burger King—with breakfast now its best-performing daypart—is moving forward with the rollout of a revamped breakfast menu and premium coffee. Taco Bell will also incorporate premium coffee into its new breakfast program, scheduled for a national rollout within the next two years.

Other concepts are upgrading their coffee for 24-hour appeal. Jack in the Box replaced its brewed coffee in both hot and cold coffee drinks with a new blend featuring Kona coffee beans from Hawaii. Cinnabon is repositioning itself as a bakery café concept, with a new beverage program that will include espresso-based coffee drinks.

New menu additions and LTOs are featuring exotic, fruity flavors. Quick Chek added a Blueberry Muffin limited-time flavor to its line of brewed coffee. Bruegger's Bagel Bakery introduced a line of Iced Coffee Coolers in four flavors: Peaches & Cream, Vanilla Cream, Mocha Cream and Caramel Cream.

Tea Time: It's Arrived

Tea—served iced or hot—is the top nonalcoholic beverage choice of diners in FSRs and LSRs alike. Spices, seasonings, fruits and fruit purées can lend uniqueness and depth of flavor to signature tea beverages. Spicy, milky, organic, exotic and globally inspired teas command higher prices with unique preparation and signature positioning.

Tea Time: It's Arrived—*continued*

BIGGBY's Chai Latte matches tea and several spicy ingredients, while Benihana's Red Flower Tea is red in color, brewed with hibiscus flowers and lightly sweetened. Ground Round introduced a Southern Peach Tea, and Max & Erma's a Pecan Iced Tea. Caribou Coffee added signature iced teas, each a mix of tea and juices; the four flavors are Mint Lime White Tea, Peach Black Tea, Pluot Green Tea and Rooibos Lemonade. Red Mango's new Iced Tea Chillers include lemonade green tea, wildberry hibiscus tea, vanilla black tea, green tea and pomegranate green tea.

If you cater to families, don't neglect the kids' menu, where appealing new fruit beverages and healthful smoothies are a particularly hot trend.

Juices, Ades and Coolers

Customers looking for healthful, natural beverage options are increasingly drawn to refreshing fruit juices, fruit ades, coolers and chillers.

For lemonade, operators play up quality and premium attributes related to freshly squeezed or flavored varieties. Pretzelmaker's Wildberry Lemonade features a blend of lemons, strawberries, raspberries, blackberries and cherries; Speckled Lemonade at Bubba Gump Shrimp Co. comes with strawberries or blueberries; and Ted's Montana Grill rolled out Cherry Lemonade. Even more adventurous lemonades, like the Watermelon Habanero Lemonade at Cosi, pair fruity with spicy notes.

Ethnic flavored waters and ades such as tamarind, hibiscus or horchata (rice or almond water) are another hot trend in cold drinks, along with tropical sweeteners such as agave nectar and pure cane sugar.

Fast-growing beverage categories also include fruit smoothies. Smoothies are gaining popularity for many of the same reasons that teas and juices are: freshness, healthfulness, customization and variety. Additionally, a smoothie can be promoted as a meal (replacing breakfast or lunch) or as an afternoon snack.

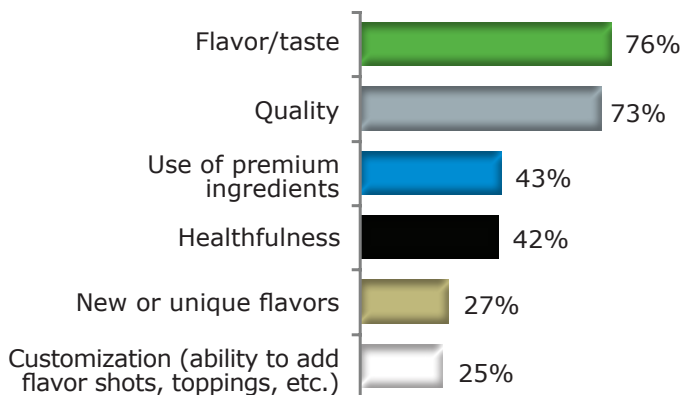
Smoothies offer a kaleidoscope of fresh-fruit flavors:

- **Watermelon Wave**—with watermelon sorbet, strawberries, peaches and peach juice (*Hogi Yogi*)
- **Tropical Smoothie**—blended with ice, mango, passion fruit, pineapple and coconut (*The Cheesecake Factory*)
- **Tropical Obsession**—smoothie blended with coconut, pineapple and black cherry (*Blue Fin*)

Drink Up: Tips to Build the Beverage Bottom Line

How Important Are the Following Factors When Deciding Where to Purchase a Beverage?

Top two box = important and extremely important



Base: 1,500 consumers aged 18+
Consumers indicated their opinion on a scale of 1-6 where 6 = extremely important and 1 = not important at all

1. **Taste and quality** trump all other factors in consumers' beverage purchasing decision. For many consumers—particularly women—the taste and quality of beverages are linked to premium positioning and perceptions of healthfulness.

2. **Value** is also key to the beverage purchasing decision. Structure your drink menu as you do the food menu, with value tiers—from attention-getting, more complex premium seasonal offerings, to mid-priced mainstream favorites, to reasonably priced coffee, iced tea and soft drinks to prompt purchases from those who'd otherwise be tempted to opt for tap water.

3. **Bundling** beverages into combo meals can lead to add-on sales by creating an attractive value proposition.

4. **"Better-for-you"** beverages such as teas, juices and smoothies that feature attributes around freshness, antioxidant-rich ingredients, and functional components carry a strong perception of healthfulness. Claims that position a beverage as nutritious or functional seem to resonate more strongly with consumers than claims that note a *lack* of *unhealthy* components.

5. **Variety and differentiation** are as important on the beverage menu as anywhere else. Today's consumers like to see options. Beverages that consumers can't get elsewhere are especially appealing and more likely to impact restaurant traffic.

6. **Seasonal offerings and LTOs** can generate strong interest, particularly among women, younger customers, and Northeasterners.

Local or seasonal ingredients are often perceived as higher in quality and nutrition. Take advantage of shifting beverage preferences by offering LTOs based on flavors and ingredients

Consumers rate "100% fruit juice" and other claims relating to natural ingredients to be most appealing.

that have special appeal at certain times of year—not just local-harvest fruits in the summertime, but also pumpkin in the fall or gingerbread over the holiday season.

- 7. Customization** options play a strong role in beverage purchase decisions. Consider offering add-ins (such as toppings, spices, syrups, flavor shots and enhancement boosts) as menu options for beverages of all types, or as a feature of the self-service areas for coffee and fountain beverages.
- 8. Convenience and portability** can be just as important as beverages themselves. Among the many “to go” options to offer your customers, one that’s being seen more and more is large-portion beverages, such as to-go cartons of coffee that serve 12. Also consider high-volume beverage options beyond coffee, which could be positioned as ideal accompaniments to catered meals for families or groups.
- 9. Snack, meal or meal accompaniment?** Understanding how consumers view various beverages can help you target and market your beverage menu mix. Consumers associate water and iced tea as “refreshing” and see soft drinks and iced tea as the best options to accompany a meal. “Fun” and “a treat” are associated with milkshakes, frozen slushies, snow cones and coffee beverages, particularly when they include customization options. Specialty coffees, flavored teas and fresh-fruit smoothies are seen as great snack options or light meals.
- 10. Server suggestions** are the best marketing you can get; they can have a substantial influence on beverage orders by encouraging diners to try something new. Train your waitstaff to know which beverages pair best with certain dishes, as well as how to provide suggestions based on customers’ personal preferences.

To help restaurant operators with the difficult job of optimizing their menu mix and prices, Sysco brings resources that are unmatched by any other foodservice distributor. Sysco’s professional Marketing Associates work intimately with their customers to optimize their menu mix, input costs, pricing and marketing to build the bottom line. Marketing Associates are backed up by Sysco’s unmatched network of chefs, quality assurance professionals and other foodservice experts who can address each client’s unique needs and problems. Marketing Associates coordinate the exhaustive, multidisciplinary Business Reviews in which Sysco experts examine every phase of a restaurant’s operations and recommend moneysaving and quality-enhancing improvements.

In addition, Sysco iCare partners offer a suite of value-added resources to help the restaurant operator boost sales, hire and retain the industry’s best employees, streamline and protect business operations, market effectively via both traditional and new media, and much more.

Information on the Sysco iCare program and on each iCare partner can be found at www.syscoicare.com.



COMING NEXT MONTH: A feature story on menu buzzwords.