

# TEA & COFFEE

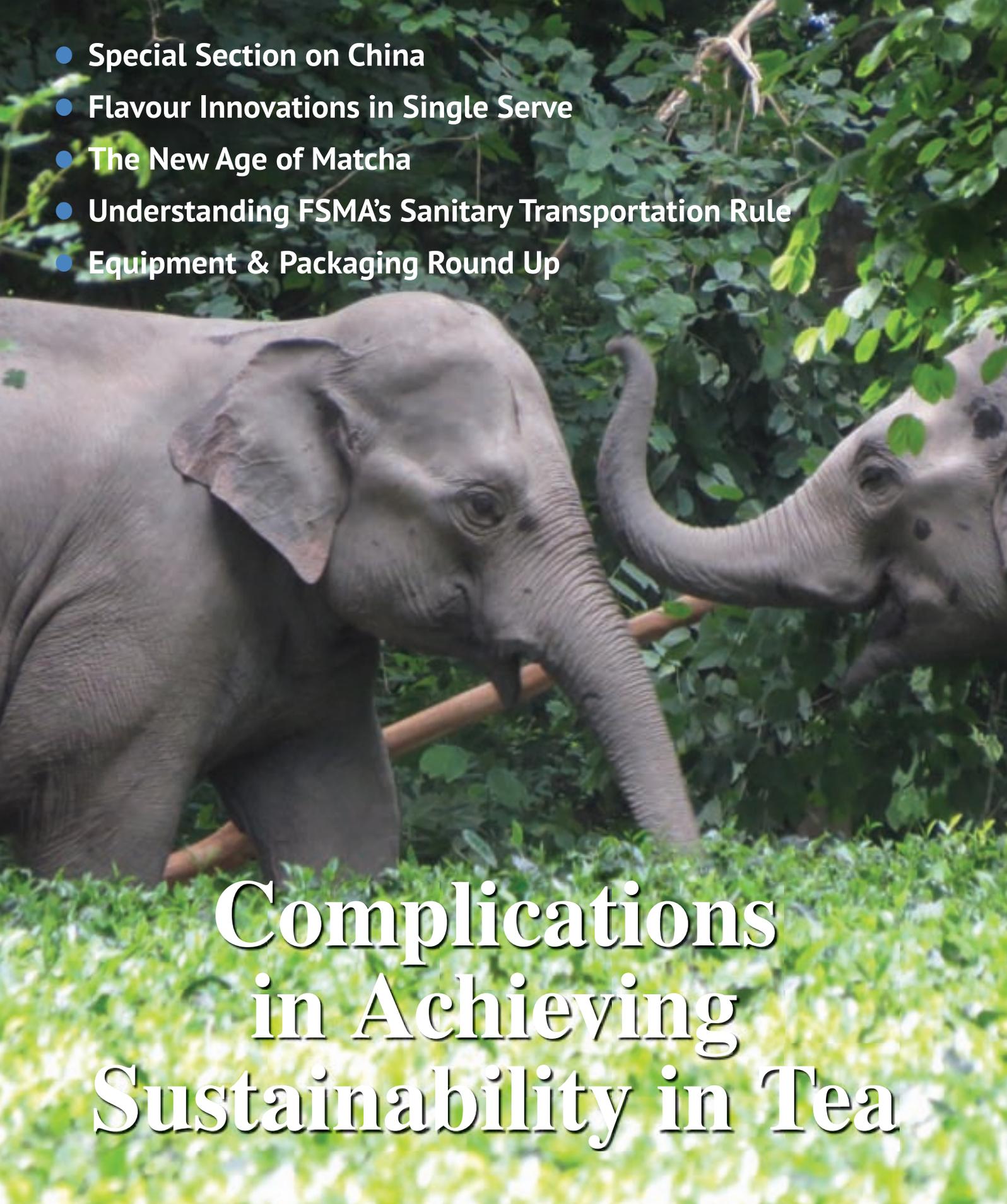
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- **Special Section on China**
- **Flavour Innovations in Single Serve**
- **The New Age of Matcha**
- **Understanding FSMA's Sanitary Transportation Rule**
- **Equipment & Packaging Round Up**

A photograph of two elephants in a lush green tea plantation. The elephants are standing in the rows of tea bushes, with their trunks reaching down to touch the leaves. The background is filled with dense green foliage.

**Complications  
in Achieving  
Sustainability in Tea**

# Flavour Creates Opportunity in Single Serve

The “cutting edge” is an exciting, and sometimes terrifying, place that companies try so desperately to reside. It is where ideas are put to work – hopefully with successful outcomes. The beverage industry is one of those that is most comfortable in this position because outside of quality and consistency, beverages must continue to be innovative.

Single-serve coffee and tea pods have reshaped the beverage industry over the past 15 years. The global coffee pod and capsule market is predicted to record a CAGR of 7.1 percent during the forecast period 2019-2024, according to APNews.com. Coffee pods, specifically, have remained strong sources of growth in North America, but while still strong, that growth has slowed considerably over recent years. Sure, competition has increased with the additional offerings of RTD/Cold Brew, single-serve pour-over, and coffee shops. Although pod sales have slowed as the category has matured, brands are seeking ways to differentiate. And with private-label brands now making up 21.6 percent of the United States single-serve pod market, according to trends forecaster, Culinary Tides, the potential for new and inviting flavours has never been better.

According to certified flavourist Kevin Berdak, “preparing flavouring for single serve coffee is not the same as flavouring a bag of coffee. Single cup coffee is often ground finer than drip coffee so that more flavour can extract in a quicker amount of brew time. As a result, the flavour component has to be modified for quicker extraction therefore the flavour usage rate is often higher, at four percent versus three percent on average.”

It’s no surprise that the top coffee flavours on US menus are Mocha, Caramel and Vanilla (per Mintel Menu Insights). “Chocolate, caramel, and vanilla are a must have, but we are seeing creative twists on classic flavours,” said Lisa Taake, director of business development for Beck Flavors, adding, “Black Pepper Vanilla, Caramel

Brands such as Dunkin (below), Gloria Jean and Cinnabon (above) are finding ways to innovate in the coffee pods market.

Offering new and innovative flavours can help jump start the maturing pod category.

By Janie Page



Pumpkin Spice, Barrell Aged Maple, Ginger Crème Brulée to name a few.” She noted that creating new flavours that breach the consumer’s curiosity and entice their imagination has the dramatic ability to keep consumers engaged in the category. “It’s our job to evolve with consumers taste profile and exceed their expectations.”

## Flavours Mask as Well as Enhance

The millennial generation and shifting ethnic populations provide multiple opportunities for growth in the pod category. “Millennials prefer options. As they enter the hot beverage market, they want to try different flavours and determine for themselves which ones they prefer. The opportunity to experience multiple, bold flavours is key to the millennial consumer,” said Berdak. As the Hispanic market continues to grow, opportunities for new flavours not commonly used in North America before, may provide multiple avenues for growth. “We are working with spice blends, Horchata, and Aztec chocolate, spicy and sweet flavours in an effort to reach this new and vibrant market. Asian fruit trends in tea pods are on the rise and we are working with multiple flavour combinations using flavours like yuzu and calamansi,” he noted.

Flavouring can help with masking some of the new advances in coffee and tea pods. Desirable functionalities such as higher caffeine content, cognitive enhancement and





**Coffee pods in new flavours are helping to grow the market.**

CBD (cannabidiol) oil supplementation can have undesirable tastes associated with their application. Pods are uniquely ideal for these functionalities because they allow for closely controlled dosing, so it is important that flavouring options can minimize those additives' effects on the overall enjoyment of the beverage.

Premium brands in coffee still carry the largest portion of the growth in the pod market and have the ability to sustain this growth through premium natural flavours and functional additives. As with most discerning consumers, premium brands are most desirable despite their higher pricing. The single-serve pod already carries a price tag of USD \$0.64 per cup compared with a standard ground of \$.11 per cup, according to Euromonitor International. Single serve is one of the most expensive ways to make coffee in the industry.

On the other hand, some consumers are seeking ways to reduce costs, therefore variety packs and economy size packs may prove to be an attractive option to smaller, more expensive packaging. "New consumers may not want to commit their dollars to one full bag of coffee they may not enjoy," said Taake. "Through larger, economy-sized packs, companies have the opportunity to offer multiple flavours, providing consumers with the ability to choose which ones they like the most." As the growth of the single-serve pod market continues slowly forward, manufacturers will continue the pioneering efforts to discover the next best thing from packaging, flavours, function and beyond. ■

**Janie Page** is the senior director of marketing for Beck Flavors Inc, a custom flavour house based in Maryland Heights, Missouri that delivers flavour solutions for the food and beverage industry. Janie has over 18 years of experience in the foodservice, retail and consumer packaged goods industries. With her certification as a Q-Arabica Grader by the Coffee Quality Institute, she brings together insights, innovation and technical expertise.

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