



ORGANIC SOFT DRINKS AN EMERGING MARKET

The pandemic caused a major shift in consumer behavior, making them health- and environment-conscious. This change brought about an increase in the demand for organic and natural products, food, and beverages. Customer preference for organic products increased and this was reflected in the beverage market. As its name suggests, organic soft drink is a non-alcoholic beverage made from fresh organic fruits or vegetables grown without any chemicals, fertilizers, insecticides, or pesticides. It is free from ionizing radiation and genetic modification, and does not contain any food additives. Its main selling points are its naturalness and attached health benefits.

In 2020, the global organic soft drink market was valued at €4,62 billion and is expected to register a CAGR of 8% to reach €7,27 billion by 2025. Europe is also witnessing growing demand for organic and minimalistic food products and beverages. In 2020, sales of €52 billion were achieved with organic products in Europe - 15.7% more than that in the previous year. The beverage industry also gained in tandem with this rise.

TRENDS DRIVING GROWTH IN THE ORGANIC BEVERAGE INDUSTRY ARE AS FOLLOWS:

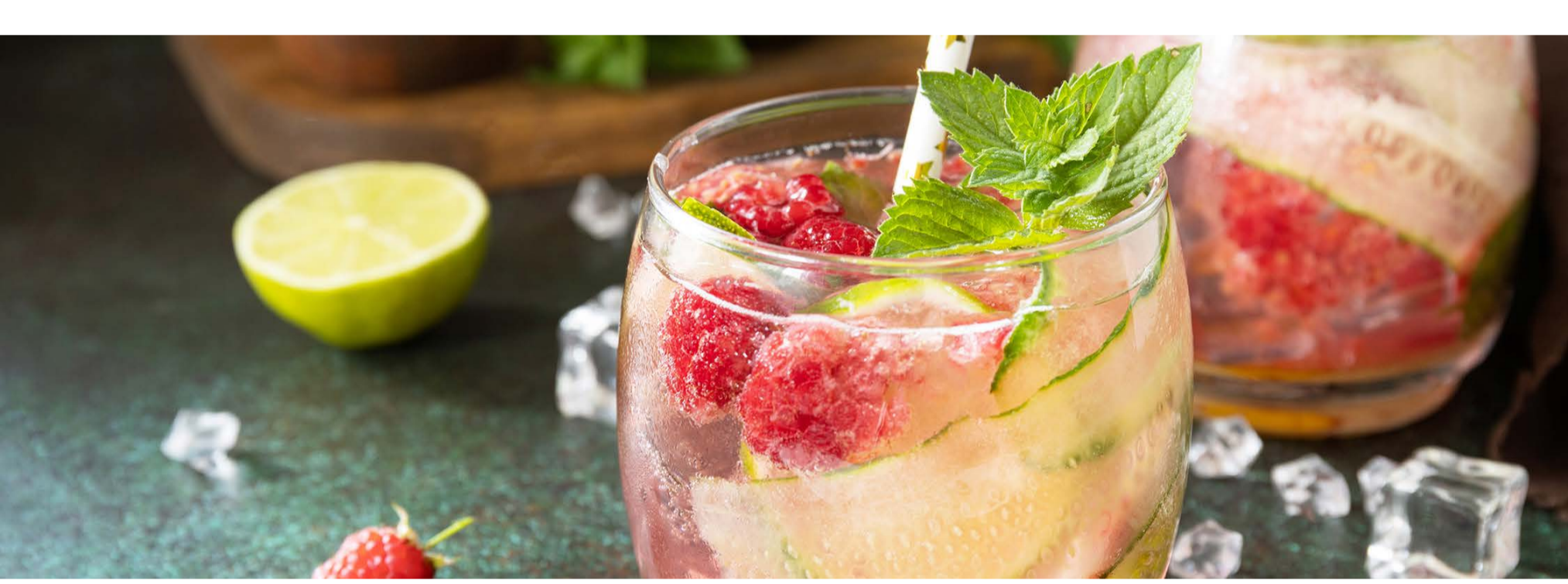
HEALTH BENEFITS – European customers are highly aware of the negative health impact of GMOs, synthetic additives, preservatives, etc. Furthermore, there has been a substantial increase in gluten intolerance among consumers. This has augmented the demand for organic products free of any harmful chemicals or additives, thus driving the popularity of gluten-free and lactose-free product variants. It also has other health benefits such as boosting immunity and metabolism and ensuring good heart health and easy weight management.

ENVIRONMENT-CONSCIOUS – Following the pandemic, customers have become more environment-conscious and prefer sustainable products. This preference extends to their beverage choices as well. They focus on aspects beyond the taste to how the beverage is packaged and sold. Innovative alternatives to plant-based cans, such as recycled PET, are used by beverage manufacturers to be socially responsible.

GROWTH IN URBANIZATION – Europe is characterized by increased urbanization, leading to increase in the young and savvy population that is health- and environment-conscious. This set of modern consumers are ready to pay a premium for products that promise such benefits.

NEW INNOVATIONS – Players in the organic market are making new and interesting drink options and mixes. New blends and smoothies of innovative flavour blends in the market provide a variety of choices to consumers.

HOME MIXES – The pandemic and lockdowns established the trends of mixed drinks and cocktails at home. Apart from being plain mixes, organic soft drinks have healthy ingredients such as vitamins, electrolytes, and minerals such as magnesium. The mix is not only for alcoholic drinks but also coffee, nut-based drinks, yoghurt, milk, fruit juices, and tea.



THE SWEET TASTE OF SUCCESS

The secret of a successful drink lies in its DNA. The beverage compound of the blend of a soft drink contains all or most ingredients needed for the final product in concentrated form. With beverage compound, internal work processes are efficient and fewer processes are required to create a finished product.

A beverage compound is the most essential element of creating a successful drink. Creating these blends is not simple and requires intense research and trial. While companies such as mineral water brands have tried to enter this category, they have been unsuccessful due to lack of resources to develop the right beverage compound. However, they can partner with the right ingredient company to develop this compound. Not only should the compound be of good taste, but it should also be unique and innovative to attract customers.

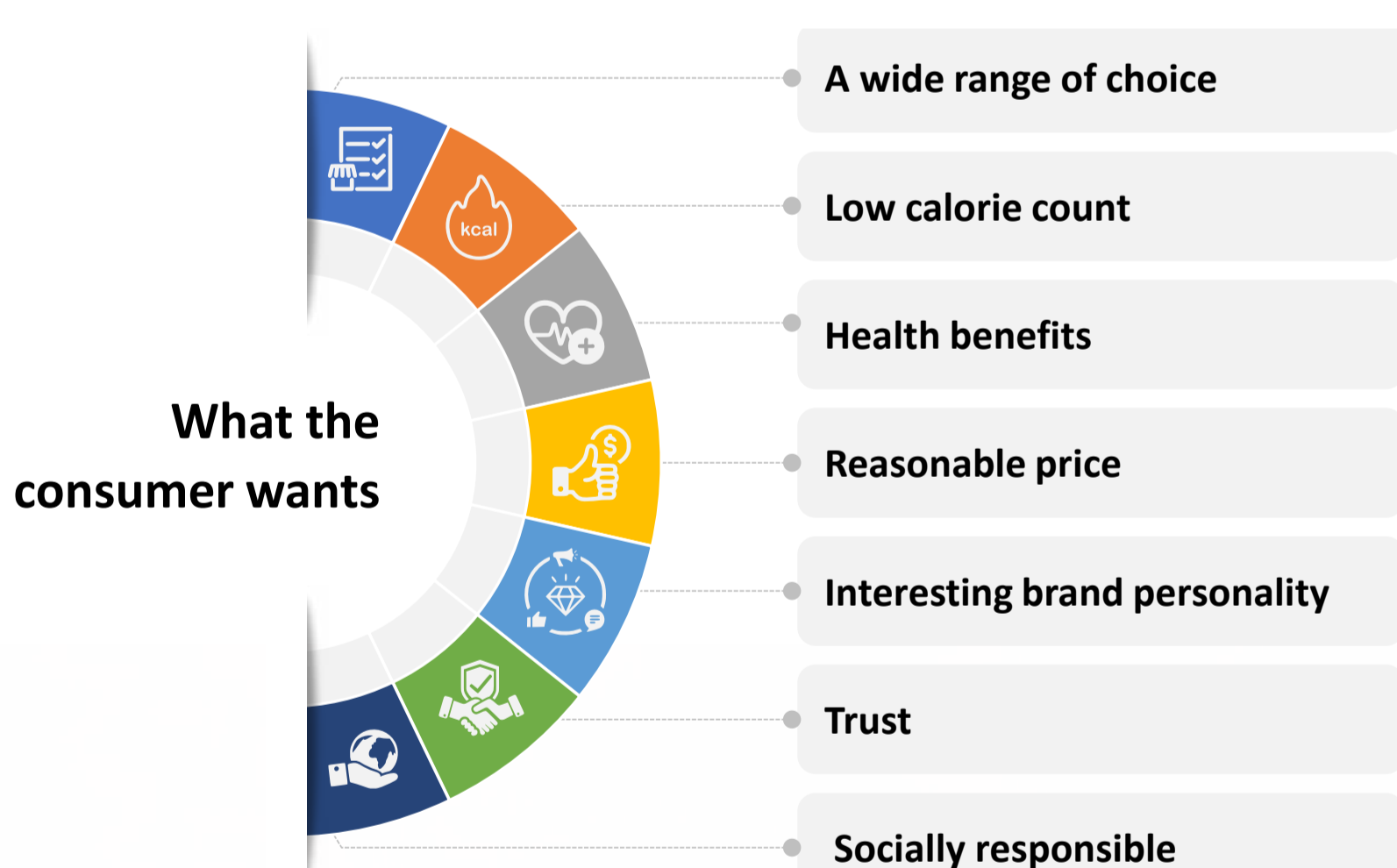
With organic soft drinks, the bar is set higher as the blend should not have any chemicals, be made of only fresh fruit pulp/extract, and have health benefits. Therefore, creating a special blend will take time and effort but it is possible.

Today, brands such as Limestone Drinks are introducing high-quality organic mixtures to cater to the gourmet culture. Their range of organic blenders are available in various flavours and can be consumed in their pure form or as mixes.



WHAT THE CONSUMER WANTS

The beverage industry is under extreme pressure from the modern consumer and must deliver at various fronts. Apart from the basic requirement of matching the taste, the consumer also wants to have a drink with the following qualities:



WAY FORWARD

The way forward for organic drink manufacturers are as follows:

- Create new products – To gain market share, organic beverage manufacturers must invest in R&D to create interesting unique flavours. This will give the brand a leading edge and USP over peers. In the organic segment, this will require intense study and trials as the use of chemicals and additives is minimal.
- Collaborate – Partnerships can be mutually beneficial in this segment. As it is a niche area, it will be smart to combine the strengths of two market players, allowing brands to increase their market size, expand offerings, and establish a strong presence.
- Mergers and acquisitions (M&As) – Key players in the organic beverage segment can measure the potential of new entrepreneurs using technology to create innovative products and experiences in this arena. Through M&A, incumbents can extend new offerings and vie with other newcomers in the market.
- Walk the talk – Organic beverage brands must ensure they adhere to the fundamental principles of organic ethos. Their organic claim should not be only for marketing and packaging but be embedded in the product genesis.

CONCLUSION

The organic beverage industry is slowly expanding. Organic soft drinks are gaining traction due to their health benefits, sustainable nature, and wide variety of flavours. European customers have embraced the concept of organic and are choosing it in all spheres, including soft drinks. However, it is difficult to enter this market as the manufacturer must get the flavour right and offer the customer a refreshing new taste, which necessitates heavy research and trials. However, if they can get it right, they have a solid formula for success in this emerging market.

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