The Industry as We Know It. Is Changing
Advanced Biotech is a leading manufacturer and supplier of high-quality Natural flavoring ingredients & botanical extracts for the food/beverage, cosmetic and personal care industries. With over 25 years of experience working with Fermentation processing & botanical extracts, we help develop new innovative and functional products for today’s competitive marketplace. Our company prides itself in the ability to cater to our customer’s specific needs while maintaining our focus on integrity, honesty and the commitment to high quality product standards. We proudly offer our quality Natural ingredients to companies around the world.
Citrus is Back

Lemons, limes, tangerines, oranges, mandarins – they’re all popping up all over shelves and on menus in a wide range of applications. We expect to see a continued boom in the popularity of citrus in the next year or two, with yogurt, frozen desserts, nutrition bars, sports gels and powders, and many more products all getting a citrus twist.
New snack innovations are becoming more in tune with consumer interest in flavor, texture and better-for-you choices. In addition to adding dietary fiber to a product, fibers from fruits and vegetables are being used to improve sensory attributes, including texture, mouthfeel and moisture retention.

Chips

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Bars

Brands are shifting towards sustainable nutrition in an effort to tap into sustainability innovations beyond packaging. These products highlight the naturalness and holistic healing of immune-boosting botanicals. Brands targeting gut health can capitalize on consumers' continued interest in the natural goodness of plants. Naturally occurring fiber from seeds, nuts and grains provides ways to bring 'plant power' to gut health formulations. These plant-based ingredients also answer demand for clean label formulations.

Dairy

We are seeing citrus in many different applications, which will increase even more during 2020-21. Baby food innovation is focused on nutritional boosts and diverse flavors, while milk from animals other than cows is arriving in Asia. Trendy superfoods emerge to elevate the health image of baby food.
Product Spotlight

Restaurants are finding inspiration from the better-for-you innovation in retail alcohol with the rise of alcoholic seltzers that are lighter in calories with simpler ingredients lists.

Fun Fact

RED GRAPEFRUIT ESSENCE NATURAL

FEMA: 4846
CAS: 8016-20-4

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Product Spotlight

ABT CODE: 1804
2 TROPICAL OXATHIANE
PG NATURAL

ABT CODE: 1803
2 TROPICAL OXATHIANE
ETOH NATURAL

Lime as a beverage flavor increased 65% on menus tracked in Q3 2016-19. Moreover, lime and strawberry grew as a beverage flavor by 123%, and ginger and lime grew as a beverage flavor by 78% in this same time frame.

This growth is largely driven by margaritas and other cocktails such as caipirinhas. It’s also driven by lime sodas and sparkling waters. Lime and other citrus fruits produce juice more easily than other fruits, creating an inherent natural positioning that consumers relate to. Indeed, “freshly squeezed” preparations are also growing alongside lime flavors in beverages.

Fun Fact
Citrus flavors are likely to be well-received by the 45% of Chinese RTD tea users who drink tea for refreshment, especially during hot weather.
Rising health awareness among consumers is driving brands to offer specific health benefits without compromising on exciting flavors that can further entice consumers to feel they have made the right choice.

Thanks to giant brands like Coca-Cola and Pepsi. Citrus flavors, namely lemon, lime and orange, feature prominently in new launches, offering a popular refreshing and sweet flavor profile.

In the US, 24% of CSD consumers would be encouraged to drink more soft drinks if they had unique flavors, rising to 30% for heavy CSD consumers. This suggests brands should be more bold and experimental with flavors in CSD innovation.

**Fun Fact**

**ORANGE PEEL EXTRACT NATURAL**

ABT CODE: 6140
FEMA: 2824
CAS: 8008-57-9
Flavor Drives RTD Tea Purchase

The image of tea is being modernized with functional health claims and eco-friendly features, while RTD tea brands explore new textures.

Explore the next 'citrus' or 'floral' flavors in RTD teas as these are the most popular flavor profiles in the category. Lavender and bamboo are emerging flavors, which have potential to be more widely found in RTD teas in Asia. Citrus flavors are likely to be well-received by the 45% of Chinese RTD tea users who drink tea for refreshment, especially during hot weather.
As consumers look for products that protect them from rising health issues and focus on healthy ageing, products made to support immunity have potential to flourish.
Product Spotlight

The image of tea is being modernized with functional health claims and eco-friendly features (e.g., plastic-free teabags), while RTD tea brands explore new textures. Certain teas and infusions are associated with delivering health benefits, like chamomile with calming and fennel with digestive support, but there are untapped opportunities to make these functional benefits more overt. Increasing the share of functional tea launches would capitalize on existing consumer interest in this area and potentially recruit new users.

Fun Fact

Tea brands have mainly been focused on promoting the natural health benefits of tea, but fortifying blends with added nutrients remains a rather niche approach in the market. According to Mintel GNPD, only 2% of total tea launches in Europe featured a ‘vitamin-/mineral’-fortified claim.
Consumers want a healthy alcohol elixir, causing kombucha to branch into alcohol. The popularity and versatility of kombucha has seen some brands venture beyond the RTD tea category and into the alcoholic drink sector.

Fun Fact

Trending functional fiber ingredients in low/reduced-sugar products can continue to grow by also promoting prebiotic and digestive health benefits.

ABT CODE: 1384

**ABT VANFORALL PLUS™ NATURAL**

TTB APPROVED NATURAL VANILLIN

FEMA: 3107
CAS: 121-33-5
Tea flavors are brewing in confectionery products such as layered matcha cream wafer cookies and a chai chocolate bar.

From matcha ice cream to cake and chocolate – the traditional Japanese green tea is a trendy ingredient around the world. Producers of the tea are cashing in.

As of this writing, there are now more than 4.75 million posts in Instagram under #matcha, some of which garnering thousands of 'likes' in the process.
With consumers increasingly seeking better-for-you food and drink options, functional ingredients give typically frowned upon products such as RTDs and CSDs a much needed health halo.
Consumers want to manage their stress and sleep deficit. There are opportunities for food and drink manufacturers to incorporate adaptogens and nervines into products for stressed-out consumers to help them gain control over their stress.

Ingredient Trends:
Chamomile, Valerian, Lavender, Thyme, Sage, St. John's
Consumers are increasingly switched on to their own emotional wellbeing and are looking for ways to support and build on this. This drives the need for brands to create food and drink products that can fight stress. The “feel-good factor” is a major factor behind food choices with 34% of younger consumers aged 16-24 agreeing that they eat healthily to make them feel good. They also seem to connect with the idea that emotional health is as fundamental as physical health to overall well-being, with health and happiness intrinsically linked.
Sports and energy brands can look beyond functional health claims that are commonly attributed to the categories (energy-boosting and increased alertness). **Cognitive functionality** through the use of nootropical ingredients and **digestive health** are themes which are currently being explored.
Spicy Flavor Trends

Consumers want to travel the world through food. The amount of restaurants offering world cuisines is increasing everywhere and supermarkets are listing more and more options on world food. During the next two years, Italian spices and flavors will continue to grow, alongside Indian flavors and curries and Chinese meals and spices – and with it, their spices.
Snack producers turn to texture to engage with more consumers. At the same time, snack manufacturers are innovating with more intense spicy taste and offering richer cheese flavors. Companies are also tapping into Filipino dishes and turning them into snacks.

Snack producers are innovating with different cheese and spicy flavors such as jalapeño and smoked chili. In the 12 months to June 2019, cheese was the most popular flavor in snacks, accounting for 11% of launches while spice/spicy represented 6% of launches.

**AJI AMARILLO PEPPER EXTRACT NATURAL**

ABT CODE: 6188

CAS: 122384-75-2

**Fun Fact**

Crackle Snacks Bicol Express Potato Chips (Spicy Coconut Potato Chips) are described as an iconic Filipino dish now in potato chip form, and are made with 100% premium potatoes.

According to the manufacturer, they have taken the delicate sweetness of coconut and combined it with the volcanic spiciness of chili for a wild flavor fit for the adventurous.
Bread manufacturers are taking advantage of South East Asia’s rich cuisine to appeal to local consumers. Spicy/hot and fragrant flavors in particular are likely to be well received as flavors in bread, given their prevalence in traditional dishes. Flavor innovation in packaged bread in Southeast Asia has mainly centered around traditional dairy additions, like cheese and butter. It is about time the market embraced the spicy flavor trend, which is widespread in the region.

According to Mintel research, 47% of urban Indonesian consumers prefer local flavors in savory food and drink. Bread manufacturers can tap into this opportunity by seeking flavor inspiration from spicy local dishes such as nasi lemak (coconut milk rice), rendang (spicy meat dish) or even tom yum (hot and sour Thai soup). Spices which are native to Indonesia include nutmeg, cloves, curcuma (turmeric) and galangal.
According to Mintel, craft beer continues to experience growth in the United States. In fact, its share in the beer category nearly doubled from 2010 (5.2%) to 2015 (10.2%). With a focus on continual innovation, the craft beer segment has seen a surge in demand for flavored beer. Overall, as many as three in five U.S. alcohol drinkers say they are interested in fruit-flavored beer, with other flavors, such as spicy, tart/sour, and beer blended with juice, tea, and soft drinks, also showing strong potential.
Spice is an integral part of the diet for many Southeast Asians. The region is home to a wide variety of iconic spicy foods ranging from *tom yum* in Thailand to the spicy meat dish *rendang* in Indonesia/Malaysia. However, most packaged bread and bread product launches in Southeast Asia during the year to July 2019, were unflavored/plain (47% of NPD), reflecting the dominance of plain white and non-white sliced bread. Cheese, butter and chocolate-flavored breads are usually found in packaged buns, rolls and sometimes in sliced breads. For spice/spicy flavors, penetration stands less than 1%. This is therefore an area in which brands can innovate, to target Southeast Asians’ palate for spicy food.

Instant noodle manufacturers are particularly dynamic in offering innovative spicy flavors to local consumers in Southeast Asia. This can be reflected in new launch activity, with spicy and hot flavors accounting for 20% of total instant noodle introductions over the last year. Not only do these brands experiment with the intensity of heat, but they also allow for customization in terms of spice level. These flavor strategies from instant noodle manufacturers can provide inspiration to packaged bread producers, in how they innovate around spicy flavors.
Product Spotlight

Chipotle pepper flavor saw an increase of 9% mentions on menus from Q2 2016-Q2 2019.

Fun Fact

Operators are giving diners the spicy, smoky and grilled flavors associated with summer backyard BBQs on-premise as fire-roasted as a preparation method is trending. This preparation method can add a layer of flavor complexity to not only meat dishes but also fruit and vegetable sides, egg dishes and salads.
Grind
Brew
Repeat

Everyone’s favorite obsession is being further expanded in the pursuit of better health.

Coffee has continued to track strong growth on restaurant menus between Q2 2016 and Q2 2019, with coffee growth hitting double digits. It is well-matched to today’s consumers’ need for healthful, functional beverages while still delivering on taste expectations.

Coffee is already prized for its energy-boosting functionality, but consumers are buying into added functional ingredients and preparations, including those with digestive and anti-inflammatory benefits.
The three fastest-growing preparation types for coffee beverages between Q2 2016 and Q2 2019 are cold brewed, frozen and iced, underscoring consumers’ growing desire for chilly coffee. Gen Z and Millennials drive consumption of iced and cold-brew coffee and Millennials in particular stand out as peak consumers of frozen blended drinks. Cold variations, which tend to be sweeter and flavored, are often the first coffee drinks enjoyed by younger consumers.

Menu Insight

The industry will likely see more coffee and kombucha blends in the coming years.

What's Trending:

Coffee +20%
# of menu mentions Q2 2016-Q2 2019
Operators are increasingly crafting coffee and tea drinks in bold and attractive colors, from ombré hues, to neon swirls, to gold, inspiring customers to share their beverages on social media.

Sweet, dessert flavors are growing quickly for coffee, proving that many consumers want a treat even while drinking a functional beverage.

**Sensory Appeal Sells**

**Marshmallow**  
+206%  
# of menu mentions  
Q2 2016-Q2 2019

**Popular Ingredient Flavors:**  
Marshmallow, white chocolate, caramel
Energy boosting cookies are appealing to consumers as an all day pick-me-up. Lidl has launched Kong Strong Guarana Cookies which take the name of the retailer's Kong Strong Energy Drink. The product comprises of caffeinated shortbread biscuits with milk chocolate. Each 125g bag of cookies contains a total of 300mg of guarana-based caffeine, which Kong Strong flags up is the equivalent of six cups of coffee.

The presence of caffeine could prove popular among the 9% of adults in the UK who have a sweet biscuit as part of breakfast. More broadly, they can appeal as a quick and tasty source of energy for any time of the day.

Coffee Extracts Spotlight

Spirits and ready to drink (RTD) brands can encourage interest and engagement by using intense and unique flavors like coffee and kombucha, along with a distinctive packaging design which has a story or an artist behind it. Consumers are willing to pay more as pop culture and novelty add a talking point to spirit launches.

The majority of high-protein yogurts promote increased muscle mass or muscle recovery. However, high-protein yogurts are equally well placed to push an energy message given protein's established association with energy. Leaving room for yogurts featuring ingredients popularly associated with enhanced energy like coffee extract.

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Coffee Extracts Spotlight

Coffee Extract
Colombian Organic

Coffee Extract
Mexican Organic

Coffee Extract
Nicaraguan Organic

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