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Better for You Beverages in Japan

PROSPECTS

Natural Trend Dampens Demand for BFY Beverages

Better for you (BFY) beverages saw continued current value decline in 2019, despite the ongoing rise in consumer health-consciousness. While increasing consumer health-awareness is leading to growing concerns about the impact of sugar consumption on the body, it is also supporting a growing interest in products containing natural ingredients. Consequently, many consumers are opting for products that are naturally sugar-free, such as bottled water or NH RTD (Naturally Healthy Ready-to-Drink) tea. This shift is especially prominent in carbonates, with reduced sugar carbonates suffering decline partly as a result of consumer concerns about the health impact of artificial sweeteners.

Continued Growth for Reduced Caffeine Beverages, but Natural Trend Having an Impact

Reduced caffeine beverages saw year-on-year current value growth throughout the review period, as consumers became increasingly aware of and interested in such products. A number of consumers have grown concerned about caffeine

intake. Reduced caffeine products are particularly popular among pregnant women who are concerned about the impact of caffeine on their babies' health. In addition, in recent years, a growing range of consumers have become wary of consuming too much caffeine because of issues such as its impact on sleep.

However, reduced caffeine beverages saw growth slow notably in 2019, partly as a result of the strong trend towards natural products, which saw consumers switch from reduced caffeine beverages to naturally caffeine-free products, such as mugicha (barley tea) and rooibos tea. While reduced caffeine beverages is set to be the strongest performing better for you beverages category over the forecast period, the natural trend will continue to act as a significant constraint on its development.

Decaffeinated Products Provide Opportunity to Expand Coffee Consumption

As the market for coffee has matured, coffee manufacturers are seeking ways to increase consumption amongst existing consumers. A number of manufacturers, including Nestlé Japan and UCC Ueshima Coffee, advocate three cups of coffee a day, emphasizing the purported health



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benefits of the polyphenols contained in coffee, as well as the impact of coffee on mood. UCC Ueshima Coffee has, for example, promoted drinking three cups of coffee a day “for heart and body”. Promoting three cups of coffee a day has itself boosted demand for decaffeinated products among consumers concerned about disturbing their sleep. However, promoting decaffeinated/cafeine-less products also provides opportunities for encouraging consumers to drink more than three cups per day. In March 2019, Key Coffee Inc added a new decaffeinated product to its Mainichi Café series, which is comprised of coffee bags designed to be brewed with hot water in consumers’ bottles to provide convenient coffee for on-the-go consumption.

COMPETITIVE LANDSCAPE

[Coca-Cola Retains Strong Lead, but Core Offer Suffering from Evolving Demand Trends](#)

Coca-Cola (Japan) Co. Ltd. retained a strong lead in better for you beverages in 2019, thanks largely to its dominance in reduced sugar carbonates. However, market-leading brand, Coca-Cola Zero’s falling sales played an important part in the overall category’s contraction in 2019.

Cola carbonates saw a shift from low-calorie to regular products during the review period, as consumers became increasingly concerned about the impact of artificial sweeteners on health. Regular carbonates volumes overtook those of low-calorie alternatives in 2016 and continued to gain share as the review period progressed. However, both categories were adversely affected by the long rainy season in the summer of 2019. Health-conscious consumers, who may previously have chosen low-calorie cola, are increasingly moving away from cola carbonates to products with a healthier positioning, such

as carbonated water and RTD tea. As a result, Coca-Cola (Japan) is increasingly looking to develop its offer beyond carbonates, expanding in categories such as RTD tea.

[Highlighting Pepsi Product’s Focus on Japan](#)

In April 2019, Suntory Beverage & Food Ltd revamped its core Pepsi product from Pepsi J-Cola Zero to Pepsi Japan Cola. The product was developed to specifically target Japanese consumers by using salt and Japanese citrus as ingredients. Although the renewal made it easier for consumers to understand that the product is specifically focused on Japan, the price increase on a big size PET bottle negatively affected sales in 2019.

In September 2019, the Pepsi offer was extended with the launch of Pepsi Nexil, a no-calorie, clear coloured FOSHU (Foods for Specific Health Uses) cola. The product contains the functional ingredient, indigestible dextrin, which is claimed to suppress the absorption of fat from meals.

[Nestlé Aims to Educate Consumers About Coffee Consumption and Sleep](#)

March 2019 saw Nestlé Japan Ltd open its “Sleep Café” in Tokyo. At Sleep Café, consumers can take a nap, as well as enjoying different types of coffee. A “nap course” provides a 30-minute nap with caffeinated coffee, which is claimed to help the customer to wake up with ease and to feel refreshed, while a “sleep course” provides a 1-3 hour nap with two cups of coffee: a caffeine-less coffee served before going to sleep, and a caffeinated one served after waking up. Through the café, Nestlé is aiming to show consumers how coffee consumption can be worked around good quality sleep. ■

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